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China Will Return Taiwan Cargo Jet, Crew in Hong Kong

By Daniel Sutherland
Washington Post Service
HONG KONG — China returned from its original position Monday to agree to return to Hong Kong a Taiwan cargo plane and two crew members flown to the island by a defuncting pilot in May.

The concession by Beijing was considered a major breakthrough in talks between officials from the lines of China and Taiwan and recently removed the last major obstacle blocking the return of the plane and the crew members.

After three days of negotiations, analysts said, representatives from two airlines found a solution that seemed to benefit both sides. It was the first meeting between China and Taiwan since the Communists took control of the mainland 37 years ago.

Analysts said China gained by getting Taiwan to engage in direct negotiations. They said that development could create goodwill that might work in China's favor in the long run. At first, Taiwan had refused any direct negotiations with Communists.

The Taiwan government has repeatedly emphasized the commercial and "humanitarian" nature of talks.

Taiwan benefited by getting its plane and the two crew members back and by appearing to be more flexible than in the past.

The two sides are to discuss final details of the exchange of the plane crew at another round of talks today.

China had earlier insisted that Taiwan's China Air Lines send a delegation to the southern Chinese city of Guangzhou to recover the plane. But representatives of China's national airline, the Civil Aviation Administration of China, finally agreed to deliver the plane to Hong Kong.

Officials from the two sides had for 80 minutes on Saturday for an hour and a half on Monday. But negotiations had ended over the issue of picking the plane up in Guangzhou.

China agreed to go to Guangzhou, Taiwan would have departed from its longstanding policy of shunning contact with the mainland.

Chang Ruipu, manager of the Hong Kong office of the Civil Aviation Administration, said his side agreed to make the delivery in Hong Kong as a gesture of goodwill toward the two crew members with their families.

The move came after a number of the Taiwan delegation was reported to have warned that the negotiations could break down if China continued to insist on delivering the plane in Guangzhou.

A dispatch from China's official Xinhua News Agency, released Monday, described the atmosphere at the talks as "warm and friendly."

No one was predicting that any major developments would follow the successful negotiations over the plane. But analysts agreed that the talks contributed to a lowering of tension between China and Taiwan.

In Taiwan, analysts said the success of the negotiations was likely to strengthen the hand of younger Taiwan officials, who have been arguing for greater flexibility in dealing with the mainland.

Those officials have argued, for example, that Taiwan should remain active in the Asian Development Bank despite China's recent entry.

The pilot of the cargo jet had flown the plane to Guangzhou on May 3 and sought asylum, saying he wanted to be reunited with his family.



Prime Minister Robert Mugabe of Zimbabwe surveyed damage to the African National Congress offices in central Harare on Monday after the attack by South African forces.

Pretoria Hits 3 Nations In Raids Aimed at ANC

By Alan Cowell
New York Times Service
JOHANNESBURG — South African forces using warplanes, helicopters and commandos struck Monday at the capitals of three neighboring black-ruled countries.

A battle between South African forces for control of a squatter camp left 14 dead. Page 2.

to attack installations purportedly used by guerrillas of the outlawed African National Congress. At least three persons were reported killed.

The coordinated action against the capitals of Botswana, Zambia and Zimbabwe was the most widespread to be launched by Pretoria in its 25-year war against the guerrilla organization, which enjoys widespread popularity among South African blacks. It is the most prominent of exiled and outlawed movements seeking the violent overthrow of white-minority rule.

It was the first time that South Africa had struck directly at Zambia and Zimbabwe, ostensibly in pursuit of the guerrillas. Botswana's capital, Gaborone, was last attacked in June 1985, an event that prompted the United States to temporarily withdraw its ambassador in South Africa, Herman W. Nickl.

The raids led to widespread condemnation of South Africa in the West and in Africa.

Word of the raids early Monday emerged in separate statements issued by the head of the army, Lieutenant General A.J. Liebenberg, and the air force commander, Lieutenant General D.J. Earp.

General Liebenberg, announcing the raids on Gaborone and Harare, the capital of Zimbabwe, said, "The action taken against the terrorists should be interpreted as indicative of the firm resolve of the Republic of South Africa to use all the means at its disposal against terrorists wherever they may be."

He said "small elements of the army" conducted the raids. "The operations were successfully completed," he said, making no reference to South African casualties.

The three countries that were attacked deny providing the guerrillas with military bases.

Political analysts and diplomats said the South Africans seemed to have severely jeopardized a diplomatic effort currently under way by the Commonwealth to set up negotiations between the white-minority government here and the African National Congress.

[Sources said members of the Commonwealth mission have decided to cut short their visit to South Africa and that five of the seven had already left. Reuters reported Monday from Cape Town.]

Some analysts said the raids showed that hard-liners in the government predominated over those favoring some form of negotiated settlement to the nation's strife.

According to South African accounts, the attacks began early Monday when South African planes, flying 350 miles (560 kilometers) through Zambian airspace, bombed what Pretoria termed the congress's "operation center and department of information and publicity" 10 miles south of Lusaka.

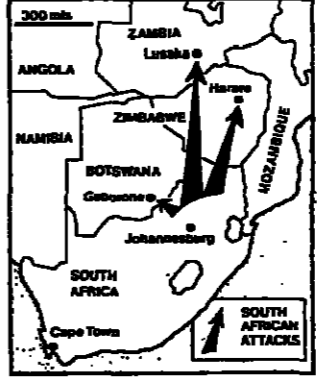
General Earp, the air force commander, said the South African airplanes returned safely and that the targets attacked had been used for harboring "terrorists" and their weapons on their way to infiltrate South Africa and for planning attacks on South Africa.

Accounts of the attack from Lusaka quoted Zambian officials as saying the targets were occupied by South African refugees, not guerrillas. Two persons, neither of them South African, were said to have died in the attack, which President Kenneth Kaunda termed a "dastardly, cowardly action."

In Gaborone, witnesses said, helicopter-borne South African commandos were said to have leapt from the aircraft with guns blazing, attacking a village called Mogaditane, five miles west of the capital and near a Botswana Defense Force barracks.

The South Africans were said to have dropped leaflets urging Botswana troops not to interfere and saying their targets were the African National Congress bases, not Botswana nationals.

One man, believed to be a Botswana government worker, was reported to have been killed in the



Analysts Say Miscalculation Could Trigger Syria-Israel War

Syria Still on 'Terrorist List,' U.S. Says

United Press International
WASHINGTON — The White House spokesman said Monday that Syria "remains on our terrorist list" and called on President Hafez al-Assad to expel Abu Nidal, the radical Palestinian leader, and his organization.

The spokesman, Larry Speakes, made the remarks in response to an interview in The Washington Post in which Mr. Assad blamed President Ronald Reagan for strained U.S.-Arab relations and for hampering Syria's efforts to obtain the release of four American hostages in Lebanon. [The interview was published Monday in the International Herald Tribune.]

Prime Minister Shimon Peres of Israel, reacting to the same interview, said Monday that he welcomed statements by Mr. Assad that appeared to be aimed at calming tensions between Israel and Syria.

Mr. Assad told The Post he was "bitter and disappointed" about what he viewed as threats from the Reagan administration and a policy of alternately ignoring and confronting Syria.

Syria has drawn renewed attention from recent allegations by Israeli officials that it helped supply explosives to a man arrested in London for a failed attempt to



Shimon Peres

But Constraints Are Said to Outweigh Possible Gains

By Thomas L. Friedman
New York Times Service
JERUSALEM — Complex, long-term changes in the Syrian-Israeli military balance have created a situation in which even a small miscalculation by either side could ignite an armed conflict, according to Israeli, Arab and Western military experts.

These changes include a marked strengthening of the Syrian Army since 1982 to a point where its leaders may now believe they can challenge Israel without another Arab partner, according to a number of senior Israeli military sources, Arab analysts in London and Beirut and Western military experts.

In addition, the experts cite Syrian attempts to take advantage of the Israeli public's reluctance to go to war at this time, some recent Israeli provocations of Damascus, such as the downing of two Syrian MiG-23s in Syrian airspace; Syrian nervousness about the possibility of a joint American-Israeli retaliation for purported Syrian involvement in international terrorism, and economic problems in both Syria and Israel that have left each with lighter fingers on their triggers since neither can afford to be caught off guard.

"Add them all together and there is no question that the threat of war between Israel and Syria is higher today than at any time since 1982," said Zeev Schiff, one of Israel's leading military writers.

"But that doesn't mean something is going to happen tomorrow, or even in six months," he said. "My feeling is that we can still control the situation."

The experts said the danger, which has been rising steadily over the past two months, does not derive from any recent movements of men or armor on the ground, and no evidence of such movements could be seen on a recent tour of the Golan Heights.

Clearly, both sides see constraints and opportunities in the

Chernobyl Unit, U.S. Plants Share Many Features

By Stuart Diamond
New York Times Service
NEW YORK — The nuclear reactor plant that exploded in the Soviet Union last month had more features in common with Western reactor designs than Western experts had assumed just after the accident, nuclear experts say.

Although it probably would not meet U.S. safety standards, the experts say, the Chernobyl plant had enough of the advanced safety features of U.S. reactors to raise questions about the effectiveness of plant designs in the United States.

In recent days, it has become clear that a large containment structure of heavy steel and concrete surrounded the No. 4 reactor at Chernobyl.

The roof of the Chernobyl plant was blown off in a hydrogen explosion on April 26, allowing large amounts of radiation to spread over the Ukraine, Eastern Europe, and parts of Scandinavia.

In addition to the containment structure, Western experts say, the Chernobyl reactor had a basement water pool to absorb excessive steam pressure; a chamber of nitrogen around the reactor that, unlike oxygen, will not support fires; duplicate and well-protected power cables; modern control equipment of the same type used in Western reactors; and valves and seals to isolate problem areas.

All these are similar to safety devices used in plants in the United States and elsewhere in the West.

It remains uncertain how effective the Soviet safety systems are in curbing a major accident compared with those in U.S. plants. Experts say they believe that the Soviet units are missing important features that would make their containment structure leak-proof.

But technical drawings and other information obtained through government and international scientific sources by U.S. experts show that the three-year-old Chernobyl unit had more safety features than many other Soviet units and more than first assumed in the West.

"Our first impression was that it had no containment, based on other designs we had of older Soviet plants," said Robert M. Bernero, a safety official at the Nuclear Regulatory Commission.

"But then we found out through the CIA, technical literature, and other means, that it was a newer plant," Mr. Bernero added. "The Soviets, in fact, have tried to incorporate containment features that were adapted and backfitted in the middle of their product line."

Many experts said it would be wrong to dismiss the accident as unrelated to American reactors.

"There are a lot of implications," said Dr. Richard Wilson, professor of physics at Harvard University, and chairman of a 1985 American Physical Society study on severe nuclear accidents. The basement water pool at Chernobyl was designed, as in U.S. reactors, to relieve excessive pressure.

"I'm just a little nervous that we have the same design, and it didn't work," Dr. Wilson said.

Experts said there was a chance, albeit very small, that some types of accidents could breach the containment of American reactors.

It is uncertain if the probability of failure at the Chernobyl plant, as calculated by the Russians, was higher than that for an American plant.

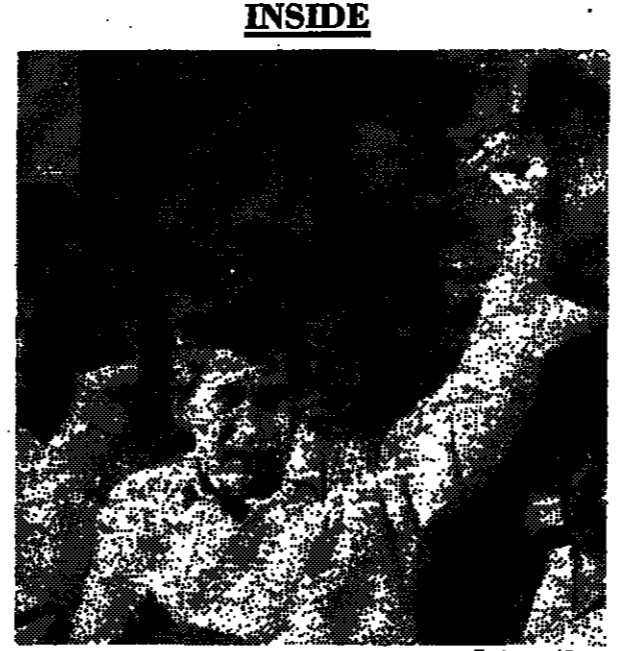
"The Soviets would not have operated that reactor if their estimated probability of failure was as big as it turned out to be," Dr. Wilson said. "They are not fools."

He added that "this tells us something else went wrong, something that so far has been left out" from the list of possible causes of accidents.

Western experts agreed that Chernobyl's graphite core was inherently less safe than U.S. reactor designs, which use water to moderate the nuclear chain reaction.

The graphite and the massive amount of zirconium "cladding" used to shield the fuel rods in the Soviet reactor can generate much more hydrogen under suspected accident conditions than can American designs. Hydrogen is believed to have caused the explosion.

Many experts were reluctant to



Jacobo Majluta Azar, the ruling party's candidate, is trailing in the official count in the Dominican Republic's election, but he has declared himself the winner. Page 4.

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Sri Lanka Forces Bomb City Held by Separatists

By Reuters
COLOMBO, Sri Lanka — Residents of the northern city of Jaffna said air force planes and helicopters bombed and strafed the city Monday as Tamil guerrillas strongly resisted a government drive to reassert control in the separatist stronghold.

The air raids marked an escalation of an operation to restore government control of the island's fourth largest city, which has been run by guerrillas for the past year.

Dr. C.S. Nachinarkimian, medical superintendent of Jaffna Hospital, said in a telephone interview that 54 persons were admitted to the hospital after the bombing, but he said that no deaths had been reported.

Other residents said more than five bombs were dropped from two Italian-made Sui-Marchetti light aircraft that can each carry four 50-pound (22-kilogram) bombs.

The residents said helicopters flew over the town for nearly 90 minutes firing at suspected guerrilla positions.

Mr. Nachinarkimian said at least two patients were wounded when bullets hit the hospital.

A spokesman for the Defense Ministry said planes and helicopters provided cover for troops in the city, but he refused to comment on whether bombing was involved.

Military sources said the bombing and strafing were ordered when troops came under fierce attack from rebels with rockets, mortars and machine guns.

The residents said at least 15 persons were injured when a bomb fell near the city's main bus station.

The explosion set off fires in four nearby shops.

Some residents were moving out of their homes and into schools and other public buildings.

The residents said government aircraft had been spotted over Jaffna since troops launched an operation Saturday to regain control of the Jaffna peninsula, but that this was the first time they had attacked the city.

A military spokesman said the death of a soldier Monday brought the toll of confirmed deaths since the operation began to 22, including 19 guerrillas, two soldiers and one civilian.

He said it was likely that many more rebels were killed.

In the first detailed account of the fighting, the military spokesman said rebels attacked five military camps Sunday, including the main base in Jaffna city.

Troops were making very little progress because of heavy resistance, but guerrillas suffered heavy casualties in battles with rockets, mortars and automatic weapons.

Rebels were firing on military convoys from houses, churches, temples and other buildings.

The spokesman said that guerrillas also raided Jaffna's military airport at Palali in a bid to attack aircraft from the ground.

Residents of Jaffna said normal activity was nearly at a standstill Monday as guerrillas set up machine gun posts and roamed the city with rocket launchers.

The spokesman said three columns of troops were inching slowly toward Jaffna from different directions as guerrillas attacked.

He said troops had advanced only one to six miles (2 to 10 kilometers) toward the city since the operation began Saturday.

"Terrorists continued to attack security forces' camps and convoys in an attempt to stop movement along roads and to keep troops confined to camps," the spokesman said.

He said the Liberation Tigers of Tamil Eelam, the most powerful guerrilla group fighting for an independent Tamil nation, was leading the resistance to the government's first major attempt in a year to impose its authority on the peninsula.

The Tamils, who say they are discriminated against by the Buddhist Sinhalese, are seeking a measure of autonomy on the island.

Swiss Bank Secrecy Laws Are Put to New Test in U.S. Insider Trading Case

By Thomas W. Netter
New York Times Service
GENEVA — The decision by a prestigious Swiss bank to provide documents relating to an insider trading case to the U.S. Securities and Exchange Commission underscores Switzerland's increasingly cooperative stance on international requests for legal assistance, according to bankers.

Hans Peter Schaad, house legal counsel for Bank Leu Ltd. in Zurich, said in an interview that his bank had cooperated with the commission "to protect our interests, because we didn't want to get served with a subpoena at our branch in New York."

The commission was investigating an alleged scheme by Dennis B. Levine, a Wall Street merger executive at Drexel Burnham Lambert Inc., to use advance knowledge to profit from stock transactions. Mr. Levine was accused last week in a U.S. federal suit of insider trading in 54 stocks.

Bernhard Meier, 35, a Swiss resident who is also charged with illegal insider trading in connection with the case, had worked at Bank Leu's subsidiary in the Bahamas.

Mr. Schaad said that subsidiary, "Bank Leu International Nassau is run by its own people and management. We didn't want to expose our clients who have nothing to do with this case. You know if the SEC wants to know something, it wants to know everything."

Switzerland's bank secrecy laws are widely regarded as offering opportunities for laundering funds acquired through criminal means, or providing a safe haven for money diverted from public coffers by political dictators or organized crime.

But banking and regulatory officials argue that the banks and the government have recently shown a greater willingness to cooperate in international cases. They say the situation has changed most dramatically in the last decade, when a new treaty with the United States and a new federal law on legal assistance in criminal matters came into force.

Jorge Kistler, a spokesman for the federal Justice Department in Bern, said: "People think that bank secrecy is absolute, but to a large degree this is a misconception. If you use the proper channels for legal assistance, you can lift bank secrecy."

He added: "We don't want dirty money."

Banking and regulatory officials pointed to a proposed revision of federal law to be debated in parliament this year that would strengthen existing penalties for insider trading.

The Swiss Bankers Association, which represents the nation's major banks, in 1982 signed an agreement with the SEC requiring clients of member banks to de-

Contadora Session Ends In Discord Over Arms

PANAMA CITY — The Contadora talks to establish a peace treaty in Central America have been suspended here with Nicaragua and its neighbors divided over a formula for demilitarizing the region, officials said.

The talks, which were halted Sunday, are to resume May 27.

Diplomats had called the three-day meeting a crucial opportunity for the Central Americans to iron out the differences over the four-nation Contadora group's proposals for regional disarmament.

The Contadora group has set a June 6 deadline for signing the accord, which is aimed at preventing civil wars from escalating into regional war and at avoiding U.S. military intervention.

But the talks underscored the contradictory interests and mutual distrust that isolate Nicaragua from its neighbors, and they produced little more than an agreement to persevere in the effort to produce a regional peace pact.

The chief Honduran delegate, Jorge Hernandez Alcerro, said the talks "ended in a deadlock" with "four countries in absolute agreement and one which is absolutely in disagreement."

As officials struggled to agree on a final draft of the pact, the discord centered on Contadora's call for arms controls, troop reductions and a ban on international military maneuvers and foreign advisers.

"We have very little time to finish the negotiations by June 6, and we want those commitments to be included in the pact," Mr. Hernandez Alcerro said.

The Contadora group, which consists of Mexico, Colombia, Venezuela and Panama, has been working since 1983 on a peace treaty for the region.

Diplomats from all nine countries that participated in the meeting Sunday said that a meeting of Central American presidents next weekend in Guatemala would be crucial in determining the outcome of the Contadora effort.

Nicaragua's deputy foreign minister, Victor Hugo Tinoco, proposed over the weekend that arms limits be applied only to offensive weapons and that no limits be placed on troop numbers.

Nicaragua also suggested that arms control be left open to negotiation for up to 180 days after the signing of any accord.

But El Salvador, Honduras, Costa Rica and Guatemala rejected the Nicaraguan proposal, saying it would be impossible to determine the difference between offensive and defensive weapons.

A counterproposal presented by Costa Rica and Guatemala called for the adoption of maximum limits on arms and troops before the signing of any peace accord, using a vague mathematical formula in which each country would be allotted 100,000 valorized units.

Mr. Tinoco rejected the plan and accused Guatemala and Costa Rica of ganging up on Nicaragua.

London last month, a move that Israeli officials see as brazen.

A third was Syrian deployment last November of SAM-2, SAM-6 and SAM-8 batteries right up to its border with Lebanon in a configuration that has forced Israel to halt its reconnaissance flights over the Bekaa region of Lebanon. The flights also were used to look into western Syria.

Some Western military experts say they fear that after months of nibbling, the Syrians may now be just one "bite" below the threshold of Israel's deterrence in Lebanon. This, they said, makes the danger of miscalculation unusually high.

The second face, or destabilizing element, in the Syrian-Israeli equation concerns Syrian anxiety about Israeli behavior in recent months, according to Arab military analysts.

To begin with, the analysts said, the Syrians deployed their SAM batteries right up to the border with Lebanon only after Israeli jets shot down two Syrian MiG-23s on Nov. 19 while the MiGs were flying over Syria.

In addition, they cited Israel's interception of an executive jet carrying leaders of the ruling Ba'ath Arab Socialist Party home from a conference in Libya last February. The Israelis said they were looking for a senior "Palestinian terrorist" supposed to have been on board the plane, which was searched and released.

"The Syrians see the Israelis whipping up anti-Syrian hysteria around the world in order to lay the groundwork for some kind of action," said Patrick Seale, a London-



ALERT ON CHANNEL — The English police are checking all vehicles boarding ferries at Dover. The police in France, Belgium and the Netherlands are doing the same in response to a suspected Arab plot to blow up a ferry or Hovercraft traveling to or from the Continent.

Russian Says Moscow Has No Plans to Revise Nuclear Reactor Design

MOSCOW — The Soviet government so far has no plans to revise nuclear-reactor construction or its practice of siting nuclear power plants in populated areas because of the Chernobyl accident, a nuclear official said Monday.

In a meeting with foreign reporters, Ivan I. Yemelyanov, deputy director of the research institute that designed the Chernobyl reactors, said the government team charged with investigating the April 26 accident was formed the same day and went to work at once.

Other officials have suggested the severity of the accident had been misjudged by workers on the scene and that Moscow did not get reports for two days.

Meanwhile, foreign diplomats said that the Foreign Ministry had invited envoys from the European

Community, Japan, Canada and the United States to make a trip to Kiev, south of the accident area. There was no immediate word whether they would go.

The unofficial death toll stood at 13 on Monday, based on a report from Dr. Robert P. Gale, an American bone marrow specialist who flew here to help the victims.

Dr. Gale, who was here for two weeks, told reporters in Los Angeles that 50,000 to 100,000 people might face long-term health problems because of the accident. More deaths are expected, he said.

Mr. Yemelyanov said he had no further information on casualties from the accident at the four-reactor station 80 miles (130 kilometers) north of Kiev.

He said the investigation into the cause of the accident was continuing and that experts had not yet determined whether human error or mechanical failure was at fault.

Asked whether authorities planned to review the practice of building reactors near populated areas, or of allowing settlements to grow up around such power plants, Mr. Yemelyanov said, "I don't see any sign that this concept will be changed or reviewed."

He also said there was no debate under way on the design of Soviet reactors. The four Chernobyl reactors were built in pairs. One of the biggest tasks faced by emergency workers was to prevent the No. 4 reactor from spreading to the nearby No. 3 reactor.

"The pairing of the reactors had no relation to the accident," Mr. Yemelyanov said.

He added that investigators had discovered that the reactor had experienced a power surge, from 6 percent of capacity to 50 percent within 10 seconds, as it was being taken out of service for maintenance.

The head of the inquiry, First Deputy Prime Minister Boris Y. Shcherbinin, said during a news conference May 6 that Chernobyl workers had initially underestimated the severity of the disaster.

The prime minister of the Ukrainian Republic, Aleksandr P. Lyashko, told Western reporters allowed into Kiev in early May that Moscow did not get a full report for two days.

Radioactive emissions from the ruined No. 4 reactor have ceased, Mr. Yemelyanov said.

The Communist Party's main daily newspaper, Pravda, said that remote-controlled excavating devices were being used to prepare the ground under the damaged reactor for a concrete tomb to encase it for hundreds of years.

WORLD BRIEFS

Filipino Union Leader at Base Is Slain

ANGELES CITY, Philippines (AP) — Unidentified gunmen assassinated a Filipino union leader Monday who recently led a strike at a U.S. air base, the military authorities said.

Remigio Simbillo, the 44-year-old president of the Filipino Civilian Employees Association at Clark Air Base, died of gunshot wounds in the back and head, according to Lieutenant Colonel Amado Espino of the Angeles Metropolitan District Command. The officer said Mr. Simbillo had told him that he began receiving death threats after the settlement of the strike, which kept Filipino employees at Clark and nearby Subic Naval Base off the job for 11 days in March.

Colonel Espino said the authorities would investigate any link between the strike and the slaying, which came when Mr. Simbillo was bodyguard near his home on the outskirts of the base. Mr. Simbillo was president of the union chapter at Clark and three smaller U.S. military facilities.

West Germans Stage Managua Sit-in

MANAGUA (Reuters) — About 60 West Germans have occupied their embassy in Nicaragua to protest the kidnapping of eight of their compatriots by U.S.-backed rebels.

The eight students were reportedly captured by rebels during a raid Saturday in which four rebels and two Sandinista soldiers were killed. The protesters in Managua, mainly young volunteers working for the Sandinista government, sealed the walls of the embassy Sunday night in the third occupation of the West German mission in the last few years.

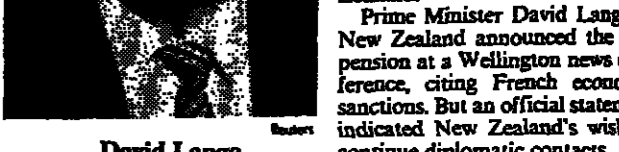
"We have the embassy under our control, including the telephones and telex machines, and demand the ambassador do everything possible to secure the release of our companions," one of the demonstrators said after the takeover. "We're going to stay here until they are free."

Lange Suspends Greenpeace Talks

PARIS (AFP) — New Zealand said Monday it was suspending exploratory talks with France aimed at settling the Greenpeace issue but that it wanted to maintain diplomatic contacts to improve relations.

The dispute centers on the sinking of the Greenpeace environmental flagship, Rainbow Warrior, in Auckland harbor July 10. Paris admitted later that the ship was sabotaged by French secret agents, two of whom are imprisoned in New Zealand.

Prime Minister David Lange of New Zealand announced the suspension at a Wellington news conference, citing French economic sanctions. But an official statement indicated New Zealand's wish to continue diplomatic contacts.



David Lange

UN Gives Israel War Crimes Files

UNITED NATIONS, New York (AFP) — The United Nations handed over 347 war crimes files to Israel on Monday, according to Israel's chief delegate, Benjamin Netanyahu.

It was by far the biggest transfer of such dossiers since the United Nations inherited the files from the War Crimes Commission in 1948. Only five files had previously been released.

Israel had asked for information on 1,379 people, but it was informed that no files existed on 1,032 of them. Mr. Netanyahu said all of those being sought by Israel were suspected of having helped to carry out Hitler's plans for the extermination of the Jewish people. Access to the files is granted only to governments.

For the Record

Prime Minister Felipe Gonzalez of Spain arrived Monday in Moscow for a visit of four days. He had talks with Prime Minister Nikolai I. Ryzhkov, Tass said.

Two suspects in the kidnapping of Alfred Heineken, the Dutch brewery magnate, were transferred to a French prison Monday to await extradition to the Netherlands, the police said. Cornelis van Hout, 29, and Willem Holleeder, 28, had been under house arrest near Paris since Feb. 20.

A potential 1988 Democratic presidential contender, Mario Cuomo, announced Monday that he would run for re-election this year as governor of New York. He said he had no plans to run for president but would not rule out a presidential campaign.

Doctors in Portland, Oregon, said they were forced to amputate both severely frostbitten legs of Giles Thompson, 16, below the knees. He was one of four persons in a party of 13 to survive a blizzard last week on Mount Hood.

China is reopening a river port to Soviet ships for the first time in 20 years, Beijing announced Monday. Tongjiang harbor lies at the meeting of two rivers in northeastern Heilongjiang province, 3 miles (5 kilometers) from the Soviet border.

DUTCH: Coalition Losses Expected

(Continued from Page 1)

the postwar growth of the Dutch welfare state, regarded as one of the most generous in the world.

Unemployment benefits, for example, are set at 80 percent of the last salary received by the unemployed out of work. Under the new government plan, this would be reduced gradually to about 70 percent of the minimum wage.

The government says its policy changes are beginning to pay off in terms of higher economic growth and reduced inflation.

Labor Party officials, while acknowledging that government spending had to come down, maintain that inequalities have been created by the austerity policies.

"The government has enlarged the gap between the very rich and the very poor," said Jules DeWart, a Labor member of Parliament.

Labor also has criticized the government for the unemployment rate of 15 percent. While lower than the 18-percent rate earlier in the decade, it is still one of the highest in Western Europe.

The opposition party has called for greater tax increases for businesses and more government spending on job creation.

The government's position has been hurt by the falling price of oil, which directly affects the price of large supplies of natural gas in the Netherlands. Shrinking revenues from gas sales, which had contributed about 13 percent of state income, means spending cuts would continue.

"There will be a whole new program of cutbacks next year," said Ferry Mingsma, a reporter for the Dutch television station, NOS.

"Some people thought these were over and they will blame the government."

While Mr. Lubbers showed political skill in maneuvering his country through four years of debate over cruise missiles, which culminated in the decision last November, the issue probably cost the government some support.

The Liberal Party is expected to suffer the biggest loss in the election, dropping from 36 parliamentary seats to about 28.

The Christian Democrats have been unable to capitalize on the personal popularity of Mr. Lubbers and are expected to gain no more than a few seats beyond their current total of 45.

SYRIA: Analysts Fear That an Error Could Trigger New Israel-Syria Clash

(Continued from Page 1)

current environment. Mr. Schiff said. For now, it appears that the constraints, whether on Syria or Israel, outweigh any opportunities to be derived from starting a conflict.

But in the Middle East, logic does not always prevail and, in the view of these military analysts, Syria and Israel could easily find themselves in a war that neither wants.

The experts point to five "fuses" that have developed in recent months that, they believe, could ignite a conflict at any moment.

The first and most immediate concern is what Israeli military sources believe has been an attempt by Syria to nibble away slowly at some of Israel's military advantages.

Some Israeli military analysts are convinced that the Syrians perceive Israel to be a country with a strong army and a weak society, a society so tired of war after its Lebanon experience that it will tolerate a high level of Syrian military maneuvering, and even gains.

As a result, the Syrians seem to be taking bolder and bolder steps in a strategic position that is large enough to benefit Syria, but not so large as to enable the Israeli military leadership to justify going to war.

Another development that Israel sees as troubling is Syria's reported involvement in the attempt to plant a time bomb on an El Al jet in

As a result, one analyst said, "Israel today is probably less tolerant of ambiguity in Syrian behavior and more prepared to launch a pre-emptive strike, if a war appears likely."

The fourth "fuse" is that both countries are now going through economic difficulties.

For now, Israeli military analysts believe that Israel's military budget remains at a level that keeps the quality, if not the quantity, of Israel's armed forces high and maintains its ability to deter attack. But if the army has to sustain additional cuts in training hours and spare parts, that may no longer be the case.

In that event, the voices calling for a pre-emptive strike against Syria at a time of high tension will certainly gain greater weight, according to these sources.

The final factor is the sheer number of troops that now face each other across the Golan Heights. After Israel withdrew most of its forces from Lebanon a year ago, the Syrians withdrew three of the five divisions there.

Two of those withdrawn divisions were added to those already on the Syrian side of the Golan Heights, making for six divisions there, or roughly 100,000 men. Israel has considerably fewer than that.

With so many men and so much armor already at the front, the Syrians could launch a major offensive with as little as 12 to 24 hours' preparation, Western military experts say. In the 1973 war, it took Israel between 24 and 36 hours to fully mobilize its reserves.

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14 Die in South Africa In Squatter Camp Battle

JOHANNESBURG — Hundreds of blacks battled for a second day Monday at a squatter camp near Cape Town, and police said the death toll had reached 14.

Police also reported seven other deaths overnight. Four women and a child burned to death when a house was hit with a firebomb in Kagiso, west of Johannesburg, and two men were shot dead by police in separate incidents.

Residents of the Crossroads squatter camp near Cape Town said the fighting there was between conservative and leftist factions. The conservatives reportedly burned down scores of shacks Sunday during an attack on two satellite camps near the main settlement.

According to residents, police stood aside during a three-hour battle between the conservative "white hats," or "white hats," and the radical "comrades."

They said the rival groups were fighting for control of the shantytown, which is home to an estimated 80,000 blacks.

More than 1,500 people, most of them black, have been killed in racial violence in the past 20 months. Most were killed by security forces but many others have died in fighting among rival black groups.

A group of about 75 blacks demonstrated Monday in Johannesburg to protest wages paid by American corporations. Police used dogs to break up the demonstration and four blacks were arrested.

Meanwhile, a judge sentenced a woman to 10 years in prison for treason for aiding the outlawed African National Congress.

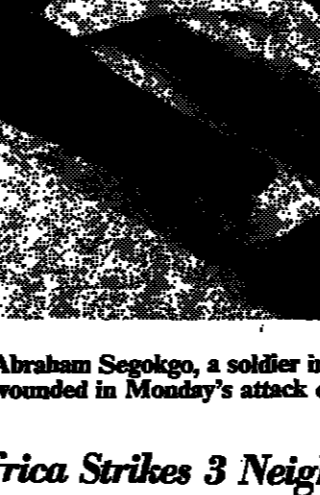
Helene Passtoor, 44, a teacher and a former Dutch government development worker, is the former

wife of Klaas de Jonge, who was arrested with her in June but escaped and took refuge in the Dutch Embassy in Pretoria.

Justice Jibbe Spoelstra, in sentencing Mrs. Passtoor, said she acknowledged supporting the African National Congress, which he said was dedicated to overthrowing South Africa's white-led government by violent means.

"This is conduct which no reasonable man or a court of law can countenance," he said.

Mrs. Passtoor, a mother of four, had been in the country five months at the time of her arrest. (AP, UP)



Abraham Segokgo, a soldier in Botswana's army who was wounded in Monday's attack on the capital of Gaborone.

RAIDS: South Africa Strikes 3 Neighboring Nations

(Continued from Page 1)

30-minute strike. Last June, 12 persons died when the South Africans raided Botswana and, since then, the authorities in Gaborone have seemed to crack down on the congress, expelling some of its officials.

For several years now, South Africa has shown little hesitation in attacking black-ruled neighbors whom it accuses of harboring its foes and has struck at Mozambique, Lesotho and Angola. The three countries attacked Monday, along with Angola, Tanzania and Mozambique, form what are called the "frontline states," committed to supporting black nationalist guerrillas opposed to white-minority rule in South Africa.

South African press reports said Pretoria's commandos used helicopters to reach Harare, where, according to General Liebenberg, they attacked the main congress office in the center of the city and a suburban home once used by a congress official.

[Prime Minister Robert Mugabe

make specific safety comparisons between Soviet and U.S. reactors.

In an interview Saturday, Sergei Kislyak, first secretary of the Soviet Embassy in Washington, said that all new Soviet plants had been upgraded to include the latest safety features.

"We have very stringent safety designs for reactors," he said. "Safety is a top priority, not just economics."

In London, the British Foreign Office also condemned the raids and summoned the South African chargé d'affaires, demanding an explanation.

"The Commonwealth's effort for peace has been doing too well for Pretoria's liking," said Sridath Ramphal, the Commonwealth's general secretary. "Pretoria is giving its answer in the most brutally orchestrated manner to our effort to end apartheid through peaceful means. It has declared war against peace in southern Africa."

CHERNOBYL: Soviet Reactor Shared Safety Features of American Units

(Continued from Page 1)

Dr. Brian W. Sheron, a deputy director of safety review and oversight for the Nuclear Regulatory Commission who saw drawings of Soviet reactors similar to Chernobyl, said: "We don't know enough about them to say whether they are not as good as, or better than, U.S. containments."

Victor Glinitsky, a physicist and former commissioner of the U.S. regulatory agency who saw diagrams of Chernobyl, said: "The result of a detailed comparison may be extremely favorable to our reac-

tors, but it also may be very unfavorable."

Nuclear proponents and industry officials have tried to minimize Chernobyl's relevance to U.S. nuclear power plant operation by contending that American units have better safety features. The industry could be faced with hundreds of millions of dollars in costs to make safety changes.

In a mailing to reporters last week, the Atomic Industrial Forum, the nuclear industry trade association, said: "At the Chernobyl

RBMK-1000 reactor, no containment building is provided."

In newspaper advertisements May 12, the U.S. Committee for Energy Awareness, a utility-supported group, said that "many Soviet reactors — including those at Chernobyl — lack such containment structures" as American reactors have.

"We have not and will not have a Chernobyl-type plant accident here," Sherwood Smith, chairman of the Edison Electric Institute, said at a news conference Wednesday.

But Steven C. Sholly, of MHB Technical Associates, a San Jose, California, consulting company, said statements about the lack of Soviet containment were "very misleading" and that containment at Chernobyl was there for all to see.

"There are potentially many accidents more severe than Three Mile Island," he said, referring to U.S. plants.

The Three Mile Island plant, near Harrisburg, Pennsylvania, sustained a partial fuel meltdown in 1979.

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Communists Step Up Violence in Chile

By Bradley Graham
Washington Post Service

SANTIAGO — A bomb exploded outside the U.S. ambassador's residence in the early morning. A policeman is killed in a shoot-out with Communists at a bakery. Another is kidnapped and held for three days. Blasts occur outside government offices, in front of businesses, along railroad tracks, under electricity pylons and inside buses and cars.

These incidents, all of which took place last month in Chile, reflect a steady campaign of violence by Communist militants to wear down the military government of General Augusto Pinochet.

They are the reason General Pinochet gives for staying in power and, in the process, restricting public assembly, denying free elections, restraining the media and ordering mass detentions.

But rather than curbing terrorism, General Pinochet's repression and economic failures have provoked it, providing fertile ground for leftist organizers, according to analysts. Many Chileans say that General Pinochet has been breathing new life into the Communist Party after its virtual demise following the 1973 coup against Salvador Allende's Marxist coalition.

In the name of fighting internal subversion, the size of Chile's armed forces has increased from 60,000 to 101,000 since the military took power 13 years ago. But the Communist Party has grown as well, drawing new members from two areas where it used to be weak: the universities and the slums.

Today, the Communists are the second-best-organized party in Chile, analysts say; the Democratic Party ranks first.

"Politically, the Communist Party was out of the race after 1973," said Orlando Saenz, who headed the national industrialists' association in Mr. Allende's time and supported the coup. "Pinochet has revived it in the past 13 years. It is now a strong group."

How strong is still uncertain in the absence of elections. But opposition politicians here estimate that the Communists could draw as much as 20 percent of the popular vote. They captured 16 percent in 1970, as a member of Mr. Allende's Popular Unity coalition.

U.S. officials, concerned about Communist gains, have stepped up pressure on General Pinochet to return Chile to democracy before the country erupts in chaos, a situa-

tion the Communists are well positioned to capitalize on. The U.S. ambassador, Harry G. Barnes, despite his publicized opening to the Chilean opposition, has so far avoided meeting Communist representatives.

Today, General Pinochet and the Communists seem to feed off each other.

"Though their objectives are diametrically opposed, the military government and the Communist Party have a relationship of mutual dependence," said Andrés Allamand, leader of the center-right National Union Movement. "To justify repression, Pinochet always mentions the outbreak of terrorism. To justify confrontation, the Communists always cite increased repression as proof that the military government intends to perpetuate itself."

A resident foreigner, discussing how to diagram Chile's complex array of political parties, suggested the chart be drawn not in a straight line from one side of the political spectrum to the other, but in a horseshoe shape, so the two extremes approach one another.

Chilean Communists came only recently to support violence as a political tool. Under Mr. Allende, they acted as a restraining force against the president's more militant Socialist Party and other leftist groups in the coalition. Rooted in the mining and construction unions, the party followed the Soviet line and worked through legislative rather than fighting in the streets.

After the coup, the Communists concentrated on reconstructing their decimated ranks underground. Luis Corvalán, the general secretary, went to Moscow and is still there, retaining the title of leader of the Chilean party.

The leadership inside Chile is clandestine, but the party has several members who act openly as spokesmen. A number of Chileans publicly identify themselves as Communists. Of the 45 persons who belong to the party's policy-making Central Committee, "not more than 10" live outside Chile, according to a party spokesman.

"Communism is not a party but a culture in Chile, a large family that shares a vision of the world, a set of values," said Augusto Varas, a political scientist at the Latin American Faculty of Social Sciences. "They fight and suffer together. They have gone through a long process of homogenization, like the military and the church."

In 1980, the party took a turn toward extremism, declaring support for "all forms of struggle." The new militancy was a response to the adoption that year of a constitution that concentrated power in the president and effectively ensured the armed forces of control until the next century.

Two other factors are thought to have pushed the Communists to endorse violence. First, the Sandinist victory in Nicaragua became a persuasive model to Latin American Communists of a successful armed struggle against dictatorship. Second, Chilean Socialists had gone through their own soul-searching after the coup and emerged more moderate, embracing democracy and repudiating Marxism-Leninism and the violent road to power.

Reagan Sees French Minister

WASHINGTON — President Ronald Reagan met Monday with the French minister for external relations, Jean-Bernard Raimond.

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Court Ruling to Trigger Rise in U.S. Executions

By Al Kamen
Washington Post Service

WASHINGTON — Until this month, a death-row inmate in the United States had almost the same chance of dying by suicide, murder or of natural causes as of being executed by the state.

Fifty-seven persons have been executed in the last decade while nearly 40 death-row inmates died of other causes.

But the odds favoring execution have increased substantially since the Supreme Court cleared away one of the last major legal obstacles to executing the 1,714 death-row inmates nationwide.

The court, ratifying the jury-selection process used in virtually all of the 37 states that have a death penalty, ruled recently that persons opposed to the death penalty could be excluded from juries.

Experts disagree on the precise impact of the decision. Some anti-capital punishment activists predict a national "bloodbath," with hundreds of executions a year, enough to dispatch the 200 new inmates condemned each year and to reduce the "backlog."

Others predict a slight increase while still others foresee a gradual annual increase to about 100 executions.

Some observers predict that after a period of numerous executions, the public will recoil and while easing the penalty on the books, seldom permit it to be carried out, in effect allowing a life sentence without parole.

One thing appears certain: For the first time in a decade, the overall pace of executions will not be set primarily by the high court, but by prosecutors and defense lawyers, governors and lower courts and public sentiment.

Polls indicate that the majority of Americans opposed the death penalty 20 years ago but now favors it by substantial margins. Political, not legal considerations, may play a more prominent role in determining how many death sentences are carried out, experts say.

"Unless there is a dramatic change in public opinion," said Jim Smith, the attorney general of Florida, "we will reach the point where here will be more than two a month" in Florida.

"The day is coming," he said, "where the next governor of Florida—and I hope it will be me—is going to be signing a lot of death warrants."

Mr. Smith is a candidate for governor in a state where the death penalty is a hot political issue. Candidates vie to see who can take the hardest line in favoring it.

Florida has executed 15 men in the last 10 years, more than any other state. About 25 percent of death-row inmates in the United States are in Florida and Texas.

Courts, led by the Supreme Court, had stalled executions for years, but "this couldn't go on forever," Mr. Smith said.

"People are fed up, and people are going to have a callous attitude."

Unless the high court agrees to bear one remaining broad challenge to the death penalty, there are no major legal obstacles to most executions.

That challenge involves the contention of opponents of the death penalty that the penalty is discriminatory because people who kill whites stand a far greater chance of receiving the death sentence than those who kill blacks.

If the court agrees to hear that argument, executions may again be put on hold. But experts doubt that the court will hear it, or that if it does, that it will accept arguments against the penalty.

"The large issues have been resolved," said Henry Schwartzchild, of the American Civil Liberties Union, an opponent of the death penalty. "The curve will begin to rise very sharply soon."

"We ought to have 50 this year," he said, referring to executions, "and 85 next year, and so on. There is absolutely nothing that will stop that."

From 1976, when the Supreme Court reinstated the death penalty, until 1983, only 10 executions took place. The pace quickened to 21 in 1984 and 18 last year, after the high court rejected major legal challenges and moved to curb repeated court appeals by the condemned.

The pace then slowed to a relative trickle this year as state officials awaited the court's recent ruling.

U.S. Court Bars Minority Plan That Laid Off White Teachers

The Associated Press

WASHINGTON — The U.S. Supreme Court struck down a job-security plan for black teachers Monday, but it appeared to indicate strong support for affirmative action in the workplace.

In a 5-4 ruling, the court invalidated a Jackson, Michigan, plan that protected black teachers with less seniority than whites from being laid off.

But the narrowness of the vote and the court's reasoning, explained in four separate opinions, may portend a future ruling in favor of affirmative action.

Affirmative action is the policy of giving preferential treatment to racial minorities and women to make up for past discrimination. It is required by various federal and state statutes of all government agencies and recipients of federal public funds but has been the subject of regular litigation.

The court said the Jackson plan violated the constitutional guarantee of equal protection for all. But it stopped well short of accepting the segregation administration's argument

that only actual victims of bias should receive preferential on-the-job treatment.

Four justices agreed that the Jackson plan for laying off teachers was not based on convincing evidence of prior discrimination by the school board.

Associate Justice Lewis F. Powell Jr., writing for the four, said, "This court never has held that societal discrimination alone is sufficient to justify a racial classification."

White teachers who were laid off in 1981 filed a suit charging that the Jackson plan violated their rights. Although most of them were rehired, they are seeking back pay, damages and restored seniority.

The ruling Monday reinstates their suit against the school board.

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After Tragedy Near Dhaka, a Bit of Hope

Fire at Bihari Refugee Camp Lends Urgency to Effort to Settle in Pakistan

By Steven R. Weisman
New York Times Service

DHAKA, Bangladesh — The people in the squalid shantytown of Geneva Camp count themselves among the world's most unwanted refugees.

In a generation, they fled two homelands and then found that Pakistan, the country of their choice, would not take them in.

Some 250,000 Moslems whose families were originally from the northern Indian state of Bihar now live in 66 refugee centers like Geneva Camp throughout Bangladesh.

Last month, a fire swept through Geneva Camp's sheds and huts, killing dozens of people and bringing even more despair.

Visiting the camp, near the sleek new government buildings of Dhaka, is like a nightmare.

Naked or partially clothed children scurried through the mud and fly-infested sewage ditches. Homes made of a few slats of wood and jute cloth lay flattened and charred by fire.

People with hollow eyes and sunken cheeks stared vacantly at strangers.

"My house was totally gutted," said Noor Islam, a 28-year-old rickshaw driver. He said he and his family had huddled throughout the previous night under a polyethylene sheet, shivering during a thunderstorm.

"All night we sat and prayed to Allah for it to be over," he said.

But the fire at Geneva Camp on April 20 also has had repercussions in the Moslem world, giving a new urgency to the Biharis' plight.

Officials who are working on resettling the Biharis in Pakistan said they had finally raised enough money and were moving closer to their goal.

"I believe it will eventually happen," said Lord Ennals, a member of Britain's House of Lords, who has worked for years on refugee matters. "It's taken a hell of a lot of time and it's going to take a hell of a lot of money, but I think we have a basis for working out a clear arrangement."

The story of the Biharis is one of colossal bad fortune, even for this part of the world.

They came to this delta region on the Bay of Bengal at the time of independence in 1947, when Britain partitioned its former Indian Empire into India and Pakistan.

The Biharis were fleeing Hindu-Muslim riots in the land of their birth to find a new home in what was then East Pakistan.

The Biharis had a reasonably prosperous life here. But in 1971, East Pakistan went to war for its independence, becoming the new nation of Bangladesh. The Biharis were loyal to Pakistan and paid a terrible price. Thousands were killed as traitors, and hundreds of thousands were uprooted.

Herded into refugee camps, the Biharis looked to the country with which they had sided for assistance.

But after an initial 170,000 were resettled with the help of the International Red Cross, Pakistan felt it could not take more without outside funds. The Biharis grew disappointed and bitter.

"We are forgotten refugees," said M. Nasim Khan, the 61-year-old leader of the Biharis. "Other refugees have fled their countries, but our country has fled from us. We stood shoulder-to-shoulder with the Pakistan Army and they abandoned us."

After Bangladesh and Pakistan established diplomatic relations in



Pakistani Air Force officers display the tail section of a Soviet-built ground-attack plane shot down by an Afghan F-16 jet. The fuselage of the plane has not been recovered.

Dobrynin Hints at Afghan Pullout

United Press International

MOSCOW — A key adviser to Mikhail S. Gorbachev has said that the Soviet Union wants to bring its troops home from Afghanistan "in the very near future."

But the adviser, Anatoli F. Dobrynin, former ambassador to Washington, gave no indication that the Kremlin had dropped its demand that support for anti-Communist rebels be stopped first.

Mr. Dobrynin said Sunday that Moscow favored a "political settlement that would ensure real cessation of armed and other outside interference in the domestic affairs of Afghanistan and would reliably guarantee its nonseparation."

"The Soviet Union would like to take home in the very near future its troops which stay in Afghanistan at the request of its government," Mr. Dobrynin wrote in an article distributed by Novosti, the Soviet feature-news agency.

"The time schedule for their stage-by-stage withdrawal — to be effected as soon as such a political settlement is reached — has been harmonized with the Afghan side," he added.

An estimated 115,000 Soviet troops have been deployed in Afghanistan since December 1979.

Mr. Dobrynin, now a secretary of the Central Committee, said that talks in Geneva between Pakistan and Afghanistan had "reached a responsible stage."

The United Nations special mediator, Diego Cordovez, said Friday that two weeks of indirect talks had made little progress, with both sides showing "extreme caution."

Tension between Afghanistan and Pakistan, where most of the four million Afghan refugees have taken haven, increased during the weekend when Pakistan shot down an Afghan warplane that reportedly violated its airspace.

Pakistan Air Force officers displayed some wreckage Sunday from an Afghan military plane shot down over Pakistan Saturday, and they said they were searching for the fuselage and the pilot.

In the town of Parachinar, officers showed sections from the tail of what they said was a Soviet-built SU-22 ground-attack plane, evidence of the first officially confirmed air battle between Afghanistan and Pakistan.

Two Pakistani air vice marshals said they presumed that the pilot was either Soviet or one of the better-trained Afghans. He had little chance to bail out, they said, because the plane broke up when hit, with the fuselage spinning into mountains.

The Pakistani government summoned the Afghan chargé d'affaires on Sunday to receive a formal, but routine, protest over the incident.

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Gannett Chain Buys Louisville Papers

The Associated Press

LOUISVILLE, Kentucky — The Gannett family will end a newspaper dynasty dating back nearly 70 years and sell its two Louisville newspapers to Gannett Co., the nation's largest newspaper group, it was announced Monday.

A quarrel within the Gannett family over management of the newspapers resulted in the decision to sell the holdings, which include broadcast and printing companies as well as the morning Courier-Journal and the Louisville Times, an afternoon newspaper.

Allen H. Neuharth, Gannett's chief executive officer, said he wrote a check for "\$300 million or so" for the newspapers, which analysts had valued at between \$200 and \$300 million. He said he hoped to close the sale by mid-July.

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Scores Are Hurt, 7 Critically, As Train Derails in Virginia

New York Times Service

NORFOLK, Virginia — A nostalgic excursion aboard a vintage steam-powered train for 1,000 railroad employees ended in chaos Sunday when 13 cars derailed. Scores of people were hurt, seven critically.

The accident occurred in a desolate area of the Great Dismal Swamp a few miles north of the North Carolina border. Employees of Norfolk Southern Corp. were aboard.

Robert B. Claytor, the Norfolk Southern chairman, was at the throttle when the train derailed. He said it was traveling at about 60 mph (about 100 kph).

Helicopters and 10 rescue units from two states removed the injured. Rescue was difficult because of a lack of roads.

A Norfolk Southern vice president, Robert Fort, said that the engine, the steam locomotive, and the first 10 cars were not involved in the derailment. Cars 11 to 23 derailed, with two turning over.

Mr. Fort said that Mr. Claytor often took the controls on such excursions. "He is a fully qualified locomotive engineer. He enjoys doing it," Mr. Fort said. "He was not injured."

The cause of the accident was being investigated.

The excursion was to leave Norfolk, head to Petersburg, Virginia, and make a return trip. The train left about 1:30 P.M. from a terminal in Norfolk; the accident happened about 45 minutes later.

The authorities said 13 of the train's 23 cars jumped the tracks, including a passenger car and a dining car that overturned into the heavily wooded swampy straddling of a lack of roads.

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Some of the cars that derailed in the crash in Virginia.

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Damascus: Rich Heritage Survives the Conquerors

By Samuel Abt
International Herald Tribune

DAMASCUS — The people of Damascus seldom miss a chance to describe it as the world's oldest continuously inhabited city, possibly dating back to 2000 B.C. Behind that textbook label is a sense of antiquity that can show up indirectly, as in a remark in the Hamadiya souk about Tamerlane.

To at least one Westerner, the Mongol leader is a figure in the mists of time, but the man in the souk talked as if Tamerlane's sacking of the city about 1400 had occurred within his memory.

"He tried to destroy our artistic heritage," the Damascus said. "He took all our craftsmen, leaving only the Jews to work silver and copper and the Christians to work gold. All the others were moved to Samarkand."

"For centuries, the craftsmen who worked in Samarkand continued to stamp their swords 'Made in Damascus.' But they weren't."

If pressed, the man in the souk could also tell stories about Damascus under Saladin and Alexander the Great.

Assyrians, Persians, Seleucids, Tigranes, Romans, Arabs, Egyptians, Saracens, Mongols and Ottoman Turks — the list of Damascus's conquerors rolls on, lacking only the Crusaders, who tried and failed. What brought everybody here, as it did the first settlers, was the richness owed to the plethitude of water in the oasis in which the city sits.

All around is the desert, but in Damascus the Barada River flows and the trees are in leaf along otherwise gray streets. Kiosks, minarets, more a vast hill, shelters the city and serves as its backdrop, its dim color showing even in spring what life is like without water.

"The silent gardens stood blurred green with river mist, in whose setting shimmered the city, beautiful as ever, like a pearl in the morning sun." That was T.E. Lawrence's hilltop view of Damascus in 1918 after he had spent two years fighting the Germans and Turks in the desert for the right to enter the city.

In "Seven Pillars of Wisdom," Lawrence of Arabia also said: "Of Syria, Damascus was the inevitable head; the seat of lay government; and the religious center. Its sheikhs were leaders of opinion, more 'Meccan' than elsewhere. Its fresh and turbulent citizens, always willing to strike, were as extreme in thought and words as in pleasure. The city boasted to move before any in Syria... Damascus was a lodestar to which Arabs were naturally drawn; a capital which would not smoothly be subservient to any alien race."

Seventy years later, many traces of the Ottoman Empire are gone, especially the 19th-century wooden houses with their filigreed balconies that used to stand around the old city. One trace that does remain of the four-century Turkish occupation is the Azem Palace, which was built in 1749 as a residence for the pasha, or governor.

The Azem Palace is popular with tourists, who can wander through its arcades and courtyards and inspect its furnished rooms for a taste of how a pasha lived. (As might be expected, he lived well.)

Most of the rooms are said to be authentically decorated except for a few whose golden ceilings left with the French when their post-World War I mandate ended with Syrian independence in the early 1940s. A tour guide put it as delicately as possible: "The ceilings," he explained, "were borrowed by the French."

Nearby in the Great Mosque, an eighth-century shrine for Christianity as well as Islam, the French left the ceiling but took the gold and silver chandeliers. This time, they did not "borrow" them. "In return," the guide said, "they gave us crystal Louis XVI chandeliers. Thus there was no looting, they said, only an exchange."

Besides the crystal chandeliers, the people of Damascus have preserved other signs of the French presence. One is the bullet-riddled roof of the souk along the biblical street which is house of Judaea where Ananias went by heavenly command to fetch Saul of Tarsus, the French often fired into the air to disperse nationalistic demonstrations.

For the record, the street still appears to be as straight as a Crusader's arrow. Lined with small shops, it leads to two of the seven ancient gates of Damascus and the wall down which Saul, or Paul, was lowered in a basket to escape his enemies (Acts 9:25). Just off the street is the area inhabited by the 5,000 Jews remaining in Damascus, now a city of 2.5 million.

Signs of stunted growth are everywhere. The flow of money to Damascus has slowed with the decline in oil prices and Syria's continued support of non-Arab Iran in its war with Iraq. Because of this support, some of the rich and moderate Arab states have reportedly reduced aid, hoping to put pressure on President Hafez al-Assad.

As a result, giant building cranes stand silently by half-finished apartment houses and office buildings, and even Mr. Assad's new palace is rising only slowly on Kasium.

Another sign of the Iran-Iraq war is the many women who wear the black abaya, or cloak, and hijab, or veil. Modern women in Damascus wear colorful European clothes so the women in black are either older people from the countryside or Syrian explained, or Iranian widows of war, who are generally called "the martyrs."

When an Iranian is killed in the war, he continued, his widow receives a free trip to Damascus, where she can visit a shrine and deposit gold in tribute to the soldier.

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Bonner, Her Visit Almost Over, Reflects on Life in America

By Yelena G. Bonner
Washington Post Service

I am convinced that Americans want peace. I don't know about America — I'm not a specialist, like the schoolchildren who travel around the world on peace missions and can explain everything about rock-ets and so on. So while I am not as competent to judge, I maintain that Americans do not want war. What Americans want is a house. No matter their place on the social ladder, their salary, capital, inheritance, winnings in the lottery or on the stock market. They want a house of their own. They want a house and the ground it stands on, and a surrounding bit of land. That's all. Some own a tiny house, like a toy cottage, and the only soil is in their flower boxes; others have lots of bedrooms, baths, and extensive lawns. The

desire to own a house is not a class ambition; it encompasses upper, middle, upper-middle, or lower-income groups, and is an expression of a national trait, a desire for privacy. Even one of New York's homeless, huddling in a blanket over a grating, will be insulted if you invade his privacy. A house is the symbol of independence, not even a material one, but some sort of combined spiritual and physical independence. The American feeling about his house expresses the main traits of Americans — the desire for privacy and independence. But that attitude gives rise to a third trait, "My house is my pride and joy." And from that comes "My city, my state, my country is my pride and joy." There is no aggression or parochialism in that attitude. It is open and kind and caring both toward the house and toward everything

that it stands for, the soil in the flower boxes and the lovingly tended lawn, even if it's only three yards square. And, I say, this shows that Americans care about land in general and about the whole world. Americans do not want war. They want a house. The first lady says that when the president retires, they will sell the house in which they lived before the presidency. The children are grown and the place is too big for them, so they will buy a smaller house. A wonderful plan. And it's wonderful that the whole country knows it. The president doesn't want war, he wants a new house. I also want a house, in addition to my usual wants that everyone has together and healthy and that there be no war. With enough land around it, and no more for me to plant flowers.

I don't need a lot of bedrooms, just one for us and one for mother, a guest room and one more so that I'm always ready for our grandchildren. And I'd like a room where I could at last spread out my books and where Andrei could make a mess. What nonsense I'm writing! I want a house! This is me, who should be counting the days, no, the hours of my freedom to do what I want, even to type this freely, to type all my unsatisfactory nonsense, such as "I want a house." But you know, I'm 63, and I've never had a house. Not only that, I've never had a corner I could call my own. I started out like everyone else: a normal childhood, but then came a strange orphanhood — father and mother arrested and no one knowing whether they were alive or not. I lived in a single room with my grandmother, brother and sister. On the other side of the wall (we could hear everything) lived a man named Fyodorov with his wife and four children. When he got drunk he beat them. If they managed to get away, they would spend the night with us, sitting on the old trunk. Fyodorov never broke into our room. He was afraid of grandmother — everyone was afraid of her except me. I had my own fears, of course, but ever since my parents' arrest, I have never allowed myself to show my dread of anything.

Greens Agree to Press NATO, Nuclear Issues

By James Markham
New York Times Service

BOONN — The leftist Greens party concluded on Monday a four-day congress by agreeing to a national election program demanding West Germany's immediate withdrawal from the North Atlantic Treaty Organization and the abolition of nuclear energy.

U.S. weapons and troops West Germany should begin to set up a system of "weaponless social defense" to meet any threat. The Greens, who first secured representation in the Federal Assembly in 1983, have had a volatile standing in West German opinion polls since. But the Chernobyl disaster has given a big push to their popularity, and opinion polls have shown them with as much as 8 or 9 percent of the electorate.



Gert Bastian

Embodied by a surge of popular support as a result of the Chernobyl nuclear catastrophe, the party's "fundamentalist" wing, which is dominated by Marxists, controlled the Hanover congress that laid down the party's strategy for the January 1987 elections. The Greens congress came against a backdrop of fierce clashes between police and anti-nuclear demonstrators at an uncompleted reprocessing plant at Wackersdorf, near the frontier with Czechoslovakia.

While Chancellor Helmut Kohl's center-right coalition is favored in the January national elections, some recent polls have for the first time suggested that it could be outdistanced by a combination of the Greens and the opposition Social Democrats. Mr. Kohl's poor rating in the polls is a handicap for the governing coalition.

brecht, the minister-president of Lower Saxony, have started to demand that the Soviet Union pay compensation to West German farmers and others who suffered because of the radioactive fallout. Sunday, speaking at a gathering of German exiles from the Sudetenland, Mr. Kohl sharply attacked the human rights records of Communist states and demanded reparations from Moscow.

Police fired water cannon and tear gas Monday in the third straight day of clashes with protesters at Wackersdorf. The Associated Press reported. A police spokesman said 157 policemen had been wounded in clashes with protesters since some 5,000 anti-nuclear demonstrators gathered at the site.

The anti-nuclear resolutions adopted in Hanover could have an impact on the politics of two West German states. The congress urged the Greens in Hesse state, where they form a coalition with the Social Democrats, to leave it by the end of the year if an agreement had not been reached to halt nuclear power.

Noting that Mikhail S. Gorbachev, the Soviet leader, had waited almost three weeks before addressing the subject of Chernobyl, Mr. Kohl told the Munich gathering, "It would certainly have been better if he had dropped his attacks on other states and explained how the Soviet Union intends to compensate for the material damage that was caused, above all in the Federal Republic of Germany."

The congress adopted a resolution saying "can be no peace with NATO — it is vital to weaken and abolish the alliance in order to achieve peace."

And looking to elections that will be held June 15 in Lower Saxony, the congress told its state chapter not to consider entering a coalition with the Social Democrats unless it was based on an accord for abolishing nuclear energy.

Mr. Kohl was swiftly attacked by the Soviet press agency Tass, which accused him of impudence and of stoking "revanchist" feelings toward lost German territories.

Reagan Prods Congress on SDI Funds

By Michael R. Gordon
New York Times Service

WASHINGTON — The Reagan administration may reconsider its commitment to strictly abide by the terms of the 1972 anti-ballistic missile treaty if Congress does not support the Strategic Defense Initiative, according to a report to Congress by the Arms Control and Disarmament Agency.

The report comes at a time when the administration has tried to protect the SDI from congressional budget cuts. The report states that the Reagan administration's current SDI program to conduct research on anti-missile defenses is consistent with a strict interpretation of the ABM treaty and will remain so "as long as the program receives the

support needed to implement its plan." The arms-control agency suggested that if adequate support was not forthcoming, it might have to "restructure" SDI programs and adopt a looser interpretation of the treaty's provisions. The report is an annual assessment to Congress on the "arms control impact" of U.S. military programs. The report comes against the background of continuing debate within the administration and outside government over how the anti-ballistic missile treaty should be interpreted. The treaty sharply restricts the deployment of anti-missile systems, as well as research on anti-missile technology. Last year, some administration officials said they had arrived at a new interpretation of the treaty that allowed the testing and development of some new types of anti-missile systems included in the SDI concept, such as lasers. That interpretation was questioned by some former U.S. officials who negotiated the treaty and by the West European allies. In the face of these criticisms, the administration worked out a compromise. It stated that it would restrict itself to the original, stricter version of the treaty, even though it maintained that a broader interpretation was legally justified. In an Oct. 15 meeting in Brussels, Secretary of State George P. Shultz assured the North Atlantic Treaty Organization that the United States would not exceed the limits of the treaty.

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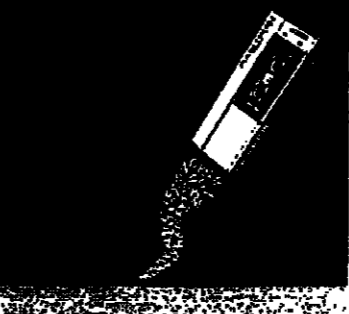


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INTERNATIONAL Herald Tribune

Assad Shifts the Blame

President Hafez al-Assad of Syria, in a revealing interview (HT, May 19), denies involvement in terrorism and declares that the "verbal bombs" — threats of retaliation — of President Ronald Reagan, and the real bombs that the United States dropped in Libya, have frozen U.S.-Arab cooperation, including Syrian efforts to free American hostages in Lebanon. It is a version of events plainly intended to shift the onus for negative developments in the Middle East from Arabs, and specifically from Syria, to the United States. It is vintage Assad.

Perhaps it has been borne in on him that others may adopt for themselves what he calls the "rule" of Syrian policy: "Nobody can strike Syria and evade punishment." These are not Mr. Assad's best days. True, he has what satisfaction and political credit flow from having repeatedly embarrassed the United States in the Middle East. But he rules only by a degree of repression unusual even for Syria. His 10-year attempt to remake Lebanon has been frustrated. Falling oil prices have cut the subsidies on which his economy depends. His support for Iran in its increasingly successful war with Iraq makes him an accomplice in what most other Arabs regard as an act of perfidy. His Gulf tilt plus the Egyptian-Israeli peace seem to ensure that in any showdown with Israel, Syria would be alone.

Take That, Foreigners!

It's time to fight back, by jingo! America won't put up with unfair foreign trade competition anymore! So say many members of the House of Representatives, including the Democratic leadership. They contend that they know the dangers of protectionism, yet what they propose instead would not help. On the contrary, it would shoot American consumers in the foot.

As in Hiroshima, people tended to associate any illness or discomfort — fatigue, a cut that kept bleeding, a common cold — with radiation effects. They felt themselves to have been exposed to an endless chain of potentially lethal impairment that if it did not manifest itself in one year or in one generation might well make itself felt in the next. Those most exposed to invisible contamination may be shunned or even ostracized. This fear of contagion was described by people at Three Mile Island in various ways. One man expressed rage from the nature of nuclear disaster itself and is a predictable consequence of such a disaster.

To Have Better Teachers

American schools will need more than a million new teachers over the next five years, and the easiest way to get them is to lower the present slack standards. That, as a Carnegie Corporation task force vigorously argues, would be a true catastrophe, and for more than the schools. To get more of the right kind of people will take more money than schools now pay, but it will take much more than that. It will take fundamental reform of the teaching profession and of school systems themselves. To get more of the people they need, schools are going to have to provide better working conditions.

It was much the same last year at the Bonn summit talks. In the year of Latin America's most acute debt crisis and famine in Africa, leaders concluded that "world economic conditions are better than they have been for some considerable time." Does a world view no longer exist?

Other Comment

Musical Chairs in Yugoslavia New governments in Yugoslavia do not usually spell markedly new policies. They are all drawn from the party. The only reason they change every four years is to let each of the country's eight republics and provinces have a turn at putting their people at the federal helm. Tito bequeathed this musical chairs system to stem regional infighting in so ethnically varied a country. Friday's inauguration of Branko Mikulic as prime minister may mark a new approach to the country's most serious problem — its economy, plagued with the highest inflation rate in Europe. On the very day that Mr. Mikulic took over, the IMF ended six and a half years of supervision of the Yugoslav economy through successive standby ar-

rangements. If no economic reform program is forthcoming, creditors might well be concerned about the long-term prospects of an economy to which they have given long-term debt relief. — The Financial Times (London).

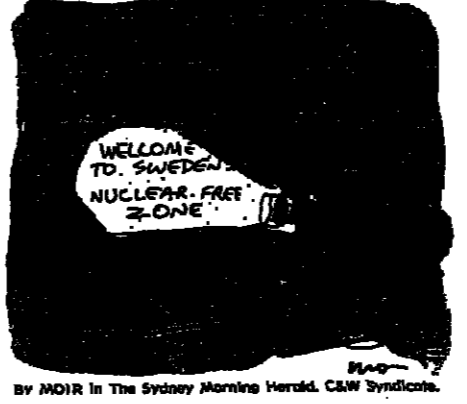
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OPINION A Fear That Life Is Being Extinguished

By Robert Jay Lifton

NEW YORK — The radioactive particles from Chernobyl are nothing less than a message of shared fate. To begin to understand that message, we must look at precisely what has been neglected by commentators on the Soviet accident, as well as by designers of nuclear plants and weaponry everywhere: the psychological factor.

It encountered that fear first among Hiroshima survivors and later in the people exposed to the nuclear accident at Three Mile Island. Deadly harm is threatened not by a visible substance like fire or flood water, from which one can flee, but by something far more insidious because it cannot be detected by senses and might strike at any time. While one can speak of invisible contamination in connection with exposure to toxic chemicals, radiation disasters have an added aura of dread associated with limitless danger, fearful mystery and images of Hiroshima and Nagasaki.



BY JACOB IN THE Sydney Morning Herald, C.M.F. Syndicate.

There's No Substitute for a More Democratic World

By Shridath S. Ramphal

The writer has been secretary-general of the Commonwealth since 1975. This is the first of two articles.

KUALA LUMPUR — The view from the Tokyo summit meeting was of sustained growth and prosperity for industrial countries and of good prospects for the world economy, all underpinned by intensified cooperation between the seven nations represented at the talks.

Are we living in two or more worlds, each with its shutters down? Is the industrial "North" unaware of the realities of the developing "South"? Or is the "South" believed to be so marginal to the prosperity of the "North" that its realities, however different, do not compel adjustment of a world view as seen from a prosperous heartland?

Trade: A Bill to Help America Compete

By Richard A. Gephardt and Donald J. Pease

The writers are Democratic members of the Ways and Means Committee of the House of Representatives.

WASHINGTON — This week the House of Representatives will be voting on major trade reform packages. It is an attempt by the Democratic leadership to reverse the current decline in America's international competitiveness.

Perhaps the United States could get away with this reactive, halfhearted approach when the U.S. market was "safe" from foreign competition and we were the most significant player in international trade. Now we are merely one player in an expanding field. We cannot add to our way out of a \$148-billion trade deficit.

Trade: No, a Bill to Eliminate U.S. Jobs

By Clayton Yentler

The writer is U.S. trade representative.

WASHINGTON — Every once in a while, legislation comes along that is so bad that even the sponsors want the president to veto it. Of course, they cannot admit it publicly, but the sponsors of the trade bill going to the House floor this week must be counting on a veto.

We have initiated or accelerated cases challenging unfair trading practices by Japan, the European Community, South Korea, Taiwan and Brazil. We have made important strides toward negotiations to strengthen GATT. We have seen the dollar decline against other major currencies, so that U.S. products are now priced far more competitively.

Ethiopia: A Regime Of Torture

By Colin Legum

LONDON — In a spectacular attack on the main prison in Makelle on Feb. 8, the Tigre People's Liberation Front freed 1,800 prisoners of whom almost half succeeded in crossing the border into Sudan.

The front, which claims to control 80 percent of Tigre province in the north of Ethiopia, is one of half a dozen armed resistance movements opposed to the country's Marxist regime. It started its armed struggle almost 10 years ago and ranks alongside the Eritrean Liberation Front as the most effective of the movements.

On receiving information about conditions in Makelle, Michel Blum, president of the Paris-based International Federation of Human Rights, wrote to the Ethiopian authorities requesting cooperation to investigate prisoners' allegations. No reply was received, and the group sent a team of lawyers to take evidence from the escaped prisoners.

The team was led by Alex Lyon, a former minister in the British Home Office, and included Michael McColligan, a London lawyer, Christian Rosacker, a French appeals court lawyer, and Dr. Didier Malapel of the human rights federation.

The lawyers found that the civilian population in Tigre was victims of arbitrary arrest and torture, and detained without charge in overcrowded, insanitary conditions. Evidence from people who had been in other prisons showed that conditions in Makelle prison were not exceptional.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: Divided Mexico

PARIS — [A Herald editorial says:] "It has usually proved somewhat easier to proclaim peace than to maintain it in the Latin-American Republics. The problem in Mexico is not likely to be solved so simply as it might appear to be by the resignation of President Porfirio Diaz — if he has resigned, and if he does not alter his decision. All those who are against General Diaz are not for General Francisco Madero. Many complaints have been heard against the Maderos, who are wealthy men and as objectionable to the poorer insurrectionists as their great landowners. General Madero disclaims any authority over insurrectionists in Lower California, who are conducting a revolt of their own. There have been outbreaks in other parts of Mexico unrelated to the Madero movement in the North."

1936: China Buys Arms

SHANGHAI — Talk of a possible clash between the Chinese and Japanese in North China was revived [on May 19] on reports that the Nanking government has placed large orders for modern armament equipment, including the purchase of 60 Italian bombers of the type used in Ethiopia. According to a local Japanese paper, service by employing additional Italian instructors to take the place of the American aviation mission, whose three-year contract has expired. Following the arrival of Japanese reinforcements, events in North China will rapidly move to a crisis. There is Chinese generalisation intended to attack the Japanese, and that the latter are preparing elaborate defenses.

OPINION

Statesmen Aren't Doctors, Which May Be Just as Well

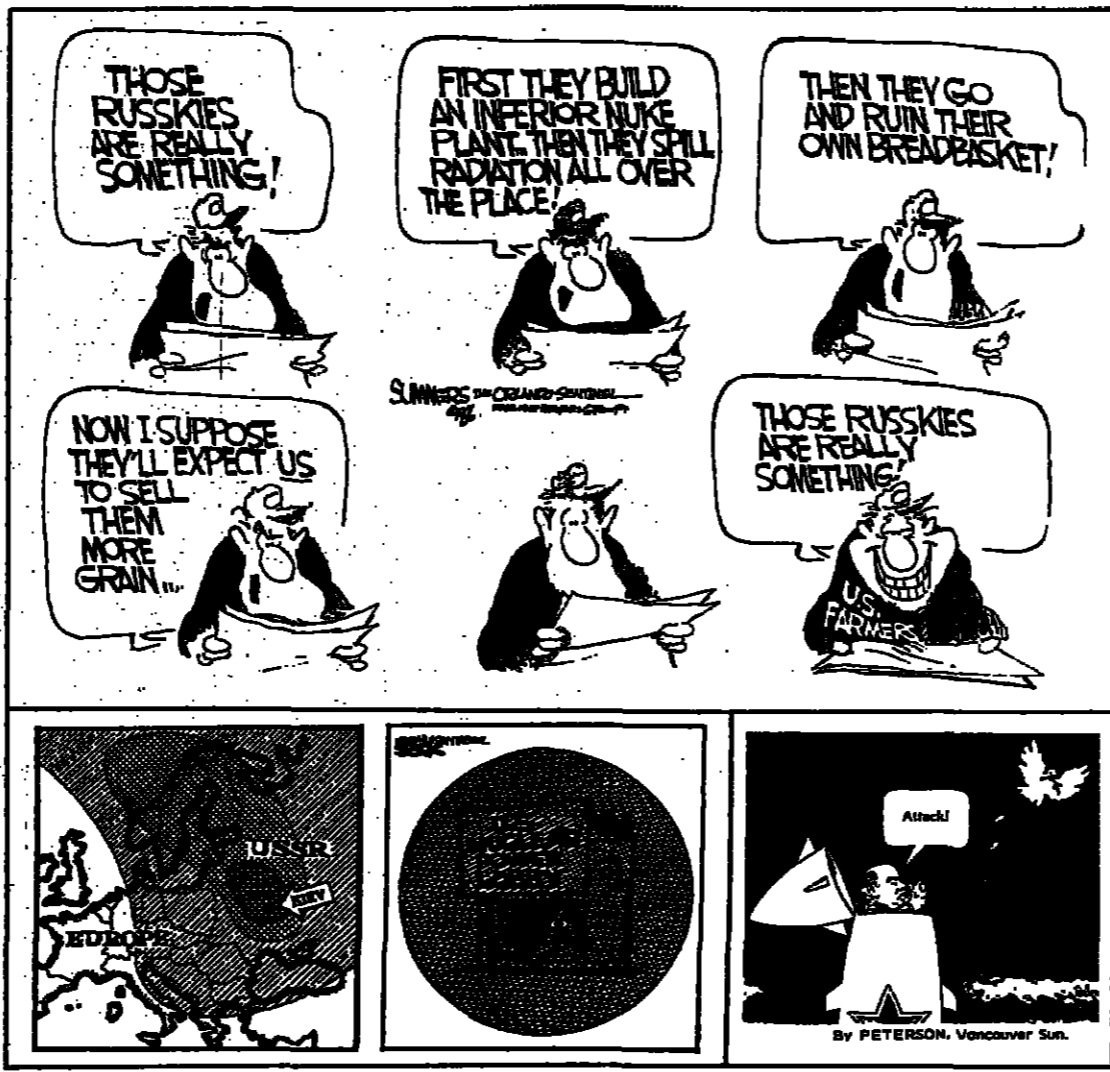
By Charles Kranthammer

WASHINGTON — In literature, metaphor makes for complexity, dimension and depth. In politics, it merely simplifies, and thus distorts. The worst offender is the medical metaphor. Politics is a realm of ambiguity and compromise. Medicine, on the other hand, is a world of black and white. A cancer, like all disease, is not only not humane, but anti-humane; malignant, invasive and smothering. It merits no quarter. The only relevant question when dealing with it is how best to destroy it. Which is, of course, why polemicists love to depict their enemies as parasitic cancers, spreading infections or boils fit only for lancing. An adversary — even a member of an evil empire — is entitled, by dint of his humanity, to certain considerations and feelings. Turn him into a cancer and it becomes absurd to accord him rights or life or even pity. The point of the medical metaphor is quite simply to dehumanize. Animal metaphors — "fascist pig" — have much the same effect (which is why Martin Peretz's New Republic, for example, forbids them even in cartoon drawings). Fascists, in fact, were the great specialists in both kinds of metaphor. They understood that once one's enemies are turned into animals, the killing is easy. Today the cancer metaphor is a favorite of the political right. The Socialists are not just a threat but a cancer that needs cutting out. Similarly, terrorism. The most famous use of this particular metaphor came from Susan Sontag, who wrote in her more radical days that "the white race is the cancer of human history." (Some years later she repented the metaphor — not because it was unflattering to whites but because it was unflattering to cancer sufferers.)

For and Against Waldheim

Austria was never a willing ally of the Nazis, but some of my best friends joined the Nazi Party because it was the only way to get information useful for the extensive underground movement. Dr. Waldheim, like every able-bodied man, had to join the German army. He was wounded and then served in Yugoslavia as Oberleutnant, which corresponds to first lieutenant. As such, he had to carry out orders, not give them. His record was thoroughly investigated before he was twice elected secretary-general of the United Nations.

Mr. Waldheim's past does not disqualify him from being Austrian president. If his superior in the German army during his war service in Yugoslavia, General Alexander Lühr, was hanged by the Yugoslavs in 1947 as a war criminal, mainly for bombing Belgrade in 1941 and killing about 15,000 people, he was not more guilty than English or American generals bombing German cities.



LETTERS TO THE EDITOR

The destruction of Austria-Hungary by the Allied powers in 1919, Churchill said in his memoirs, brought to those people all the misery of Dante's Inferno. WOLFGANG BERGER, Vienna.

Waldheim should withdraw from public life pending an investigation of his wartime role. Surely World War II has forced greater sacrifices than the deferral of political aspirations. The Austrian election must not be a referendum on an issue that is not debatable. MARK SHAPIRO, Boulogne-Billancourt, France.

So, when Yugoslav fighters and civilians were being massacred and 60,000 Greek Jews were being exterminated, members of the German army "were not doing anything but our duty as decent soldiers." ("Waldheim Invokes Memory of the Decent Men on Nazi Side," May 2). That kind of language was familiar coming from thousands of Nazi criminals. What a strange sense of duty. YONNI VASSALO, Athens.

Kurt Waldheim is being subjected to character assassination by the World Jewish Congress, Israel and others who are joining the bandwagon for fear of being seen to be soft on Nazis. But where is the indisputable evidence? If there were, substantial doubts about him; they should have been aired before he was elected secretary-general of the United Nations. I believe that Israel and other Jews are trying to get back at Dr. Waldheim for being, in their eyes, too friendly to Arab states while he was secretary-general. WILLIAM R. ROTH, Stuttgart.

Kurt Waldheim fails to recognize the solemnity of the charges against him. The questions here are not political and ephemeral; they belong to the absolute realm of history and morality. Mr.

attitude of the United States toward the Middle East. What needs to be recalled is that the United States has its own terrorists, like the Ku Klux Klan. Should all Americans be judged by them? The terms "American" and "terrorism" do not fuse on that side of the ocean. Why should "Arab" and "terrorism" fuse on the other? It is true that there is anti-Arab sentiment in Congress. It ought to be reconsidered. GISELE BRAYERS, Geneva.

Terrorism: Let's Be Fair From your report "Anti-Arab Feeling Surfaces in Congress" (May 10) it seems evident that the words "Arab" and "terrorism" are increasingly paired in the

After the Dash to the Altar, Every Expectation of Twins

By Jerry Zezima

NEW YORK — News item: Television journalist-personality Maria Shriver, niece of the late John F. Kennedy, marries actor-strongman Arnold Schwarzenegger and changes her name to Maria Shriver-Schwarzenegger.

Mary-Elizabeth Abernathy-Taylor, daughter of Philip Edward Abernathy 3d and Elaine-Marie Sasquatch-Abernathy of 1124-D Chain-O-Lakes Road, Croton-on-Hudson, New York, was married today to Billy-Bob Taylor, son

Wetherbee-Mineville, New York. Andy-Bob Taylor, the groom's older brother, was best man. Ushers were the groom's other brothers, Larry-Bob, Bobby-Jim, Bobby-Bill and Bobby-Bob.

Celebrities in attendance included Maria Shriver-Schwarzenegger, Olivia Newton-John, Meredith Baxter-Birney, Farrah Fawcett-Majors-Fawcett, Mary Decker-Tabb-Decker-Stanley, Nancy Lopez-Melton-Lopez-Knight, Elizabeth Taylor-Todd-Fisher-Burton-Taylor-Burton-Warner-Taylor-Etc. and Cher.

MEANWHILE of Mr. and Mrs. Jimmy-Bob Taylor of 333 Thirty-Third Street, Winston-Salem, North Carolina, in a double-ring ceremony performed by the Reverend Ellsworth Smith-Lindington at St. Simon-Peter Church, Croton-on-Hudson.

The bride, who started down the aisle at 10:31 A.M. flanked by her father and her uncle, wore a *peau-de-soie* ivory gown trimmed with mother-of-pearl beads. The groom, standing with the wedding party at the marble-encased altar, wore a navy-blue tuxedo.

A reception followed at the Croton-on-Hudson Holiday Inn-Crowne Plaza. Given in marriage by her father, a senior vice-president for Pertin-Elmer Corporation, and her uncle, Sergeant Sargent Sargent, USAF-Retired, the bride was attended by her sister, Ms. Sue-Ellen Abernathy-Popovich, as maid of honor. Bridesmaids were Theodora Popovich-Mansueti of Croton-on-Hudson, New York, Bobby-Sue Taylor-Berkowitz of Winston-Salem, North Carolina, Bonnie Ann Sasquatch-van der Halen-Hertogenbosch of Channel-Port aux Basques, Newfoundland, and Roberta Marie Wetherbee-Mineville of

The groom, a 1979 graduate of the Raleigh-Durham Vocational School in North Carolina, is the lead singer for the rock group Twisted Mother-in-Law. The group, whose hit single, "Never-Ending Love-Hate Relationship," is currently on top of the pop-rock charts in the tri-state area, has recently performed to sellout crowds in Puente-Gemil, Spain; Fort-au-Prince, Haiti; Port-of-Spain, Trinidad and Tobago; Sainte-Anne-de-Baupré, Quebec; Sainte-Mère-Église, France; Sainte-Marie, Madagascar; Brands-Hörnerkichen, Schleswig-Holstein, West Germany; Ulan-Ude, Buryat Republic, U.S.S.R.; Richmond-upon-Thames, England; Port-Lyautey, Morocco; Fort-de-France, Martinique; and St. Christopher-Nevis, as well as Croton-on-Hudson and Winston-Salem.

Back to Fortress America As an American, I ask why my son is serving in an attack helicopter unit near the East German border, why my brother-in-law died in the skies over Germany in 1944, why I spent four years in the military in the World War II era. What did we gain in 1917, 1941 and 1986? Let my son return to defend Fortress America. Let me spend my tourist dollars in Hawaii and Alaska. Let us put back to work our steel, aluminum and auto workers. And let us get rid of our trade deficit by eliminating the foreign auto dealerships and foreign liquor and wine outlets found in every town and village in the United States. BILL HARRISON, London.

The ceremony lasted four-and-a-half hours. Following a trip to St. Christopher-Nevis the couple are to reside in Croton-on-Hudson. The Stamford Advocate.

Advertisement for BFCE's results in 1985. The Board of Directors of the BFCE met on March 19, 1986, under the Chairmanship of Michel FREYCHE, to close the accounts for the financial year ending on December 31, 1985. Key results include: Export credit outstanding decreased from FRF. 160 billion to 139.8 billion; Net operating income amounted to 1,757 million; Shareholders' equity increased from 660 million to 1 billion; and the annual report from the 'Département Études et Communication', Banque Française du Commerce Extérieur, 21, bd Hausmann - 75009 Paris - France.

Advertisement for 'The Perfect Executive Folder' exclusively designed for the International Herald Tribune. It features a leather folder with a 50-sheet blue paper A-4 pad, a solar calculator, and a gilet-metal pencil. The folder is made of fine silk-grain black leather and includes two large practical pockets for letters and papers, plus two smaller pockets for visiting cards. Price includes gold-blocked embossed initials and accessories. Contact: International Herald Tribune, attention: Karen Diot, Special Projects Department, 181 avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

ARTS / LEISURE

Tout-Parisiens Lay Low in 'Calm' Season

PARIS — The mood in Paris is morose. Thousands of Americans are staying home and the result is near-catastrophic for the luxury trade.

Business along the Avenue Montaigne and the Rue du Faubourg Saint Honoré is down 30 to 50 percent, fashion experts say.

Some boutique managers frankly admit the season is a disaster. At Valentino's, a spokesman said this was the Paris outlet's worst season ever.

New York right now is where the action is. The season there is in full swing and the town is jam-packed with foreigners, including a lot of Europeans looking for business openings.

At Hanae Mori's, on Avenue Montaigne, losses have been minimized by the fact that this is a small boutique.

Others are more reluctant to admit that the season is bad.

mit that the season is bad. "Let's say it's not as good as last year — but, then, last year was exceptional."

Fashion houses such as Ungaro and Saint Laurent said their couture season, in late January, did not

HEBE DORSEY

suffer since orders came in before the U. S. raid on Libya and consequent flight of Americans.

The four-star hotels are suffering, too, but just how much is hard to determine.

The Ritz is finishing a gallery of boutiques, an underground gym with swimming pool and sauna, and a boutique on the Place Vendôme.

Others are more reluctant to admit that the season is bad.

groups to survive. With us, the drop is from 7 to 10 percent.

Franco Cozzo, manager of the Plaza Athénée, also denied he had closed a floor and said: "We're lucky in that only 30 percent of our clientele is American."

At lunch last week, though, the Relais-Plaza, the popular restaurant of the Plaza Athénée, was not as crowded and animated as usual.

Françoise Dumas, party-organizer extraordinaire whose assignments have ranged from Jacques de Ribes's post-collection dinner parties to Dior's 700-person Bal Poisson extravaganza for the launching of the house's latest perfume, said: "Paris is very calm and there are no big parties this season."

The saison de Paris, once a Provençal hub of social activities, is also slow, according to the designer André Oliver and the hostess Isabelle d'Ornano.

Roland maintained, "The trend among the Tout-Parisiens is to keep a low profile and not draw much attention. The only big ball, scheduled by Paul-Annik Weiller, was canceled, but the reason was the death of his father-in-law, Prince Torlonia.

The accent is often political, and since the change of government in March, one of the most popular men in town has been the finance minister, Edouard Balladur, who was guest of honor at a recent buffet dinner given by David and Olympia de Rothschild.

Outside Paris things are not much cheerier. "It's awfully quiet and very local in Rome," said the publisher and man-about-town Massimo Gargia.

In Monte Carlo, Pierre Cardin, with the help of Princess Caroline, will launch his cruise ship *Mexico des Mers* on Friday, in Lugano on Friday 14, Baron Heinrich Thyssen will give a black-tie dinner after the vernissage of a Goya exhibition at his Villa Favosita.

The only extravaganza this season is the 18th-century costume ball planned for June 6 by Gloria, Princess Thurn und Taxis, for the 60th birthday of her husband, Johannes, one of the richest men in Europe.

Here too, the absence of Americans will be felt. Although the real-estate tycoon Alfred Taubman and his wife, Judy, are still coming, many, including Betsy Bloomingdale and Jerry Zipkin, have reportedly canceled.



Remembrance of parties past: Jacqueline de Ribes (above) looks pensive; David and Olympia de Rothschild (left), pictured in more social times, and Heini and Tita Thyssen (right), who plan a dinner in honor of Goya.

Cannes 1986 — A Hardy Survivor Soldiers On

By Thomas Quinn Curtiss

International Herald Tribune

CANNES — The Cannes film festival has demonstrated its durability. There were gloomy prophecies about its 1986 session that caused a wave of desertions, particularly on the part of Americans.

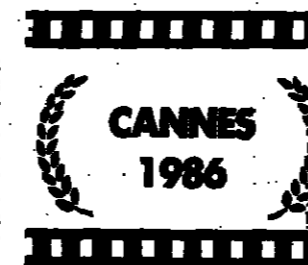
The overwhelming presence of Menahem Golan, chairman of the Cannes Group, suggests that the celebrations might be renamed the Cannon Festival.

Golan has gained a wide reputation in the last few years with the financing of films of every variety. He is often likened to the Hollywood moguls of old, but he is closer to Alexander Korda (who functioned as studio boss, producer and sometimes director) than to a Louis B. Mayer.

His worldwide operations include the purchase of theater chains, television ventures and a staggering list for future productions. Among the promised items are a "King Lear," to be adapted by Norman Mailer and directed by Jean-Luc Godard; "North South," a co-production in which Francis Ford Coppola and George Lucas will be affiliated, and Walter Matthau and Whoopi Goldberg in a remake of "Born Yesterday."

The festival administration may take pride in including in competition Andrei Tarkovsky's "The Sacrifice," Roland Joffé's "The Mission," Alain Cavalier's "Thérèse," Zeffirelli's "Otello," Sergei Bondarchuk's "Boris Godunov," and such a tart and engaging farce as Jim Jarmusch's "Down by Law."

True enough, the program has been crowded with negligible fillers, but from the ensemble arises an instructive general view of the state of the movies today. On the commercial side, Cannes's film market



continues to be the site of more sales of motion pictures than anywhere else. The Cannes festival retains the strength of a hardy survivor and is determined to go on, looking forward to the 40th anniversary of its founding, to be celebrated next year.

Joffé's "The Mission" tells of the conflict of temporal and spiritual power in 18th-century South America, where the Jesuit education of the Indian communities was halted by the Spanish and Portuguese colonial authorities.

Amos Gitai's "Esther" has followed Racine's example and dramatized the Old Testament tale of the Jewish maiden who marries the Persian king Ahasuerus and rescues her people from threatening annihilation.

The world premiere of Tarkovsky's "Sacrifice" was a memorable festival event. A poetic parable, its theme is man's quest for

spirituality in a materialistic society and his discovery of it in his renunciation of personal concerns.

Political topics received retrospective review in Raul de la Torre's "Poor Butterfly," set in Buenos Aires in 1945, where a belated pro-Nazi putsch is plotted after the war's end, and in Margarette von Trotta's "Rosa Luxemburg," which tells of the revolutionary theorist and agitator who sought with Karl Liebknecht to seize power in Berlin after the abdication of the kaiser.

Both were assassinated by reactionary troops. Von Trotta seeks to defy rather than humanize the martyred woman, whom Barbara Sukowa plays with wistful appeal.

In "Genesis" the Indian director, Minal Sen, preaches before a primitive desert setting the oft-heard warning that the exploiter will rob the laborer of his earnings, while in "The Last Images," the Algerian director, Mohammed Lakhdar-Hamina looks back at his youth as a village lad when the outbreak of the 1939-45 war severed affectionate ties.

The action film was plentifully represented. Konchalovsky's "Runaway Train," has Jon Voight as a hard-core criminal who escapes from an Alaska prison and boards an engineering express (shades of Zola's "Human Beast," through the script is adapted from one by Akira Kurosawa). In Neil Jordan's "Monsie Lisa," Bob Hoskins delivers a riveting performance as a petty racketeer who saves an adolescent girl from Soho white-slavers. Martin Scorsese's "After Hours" has chases through Greenwich Village by night with a protagonist in troubles for which he is not responsible. And André Téchiné's "The Scene of the Crime" has Catherine Deneuve involved with another escaped prisoner. The most amusing saga of

juilbirds on the lam is Jarmusch's "Down by Law," in which three escapees make their way through the Louisiana swamps with a contagious sense of humor.

Marco Ferreri has contributed a comic-strip buffoonery in "I Love You," in which a devil-may-care travel agent, a popular fellow with the girls, falls in love with the doll face on a Hong-Kong-made key-phrase of the film. It is entertainingly acted by Christophe Lambert as the bewitched agent and by Eddy Mitchell as his ne'er-do-well companion.

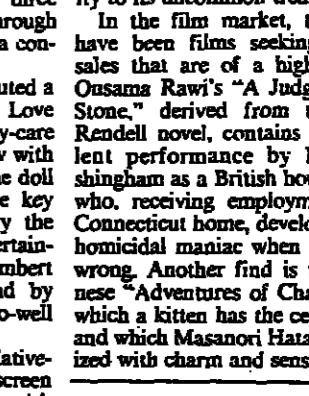
Lavish spectacle was superlatively displayed in Zeffirelli's screen version of Verdi's "Otello," with Plácido Domingo as the jealous moor, and Bondarchuk's adaptation of Pushkin's "Boris Godunov," with its visions of 17th-century Russia in all its barbaric grandeur.

One might suspect from its label that "The Decline of the American Empire," by the Canadian Denis Arcand, is another angry critique of the United States, but the bark of its title is worse than the bite. It is concerned with a group of university professors, male and female, who hold symposiums among themselves on their sexual adventures. Its author-director explains that the threat of decadence lies in self-indulgence, but the tone of the discussions is light and bright, though the learned are more frivolous when off-duty than in the classrooms.

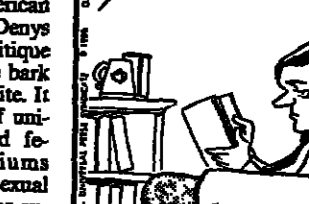
Glen Fire's "Belizaire the Cajun" is a riveting novelty shot in the Louisiana bayous and spoken in Cajun dialect. Its leading figure is an herbal doctor in 1859 in a backwoods community where he is something of an outcast.

Nuanxin Zhang, a Chinese woman director, is represented with "Quing Chuan Ji," in which the events of the turbulent Cultural Revolution are recalled in memory.

DOONESBURY



RIGHT THIS WAY, PROFESSOR. IT'S IN HERE.



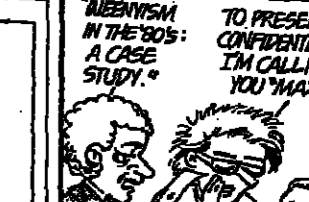
WHERE? RIGHT HERE, SIR, SITTING IN THE CHAIR!



YOUR ROOM-MATE IS YOUR PSYCHOLOGY TERM PROJECT? CHANCE, HERE'S THE TITLE PAGE.



TO PRESERVE CONFIDENTIALITY, I'M CALLING YOU "MAX."



TO PRESERVE CONFIDENTIALITY, I'M CALLING YOU "MAX."

AUTHORS WANTED BY N.Y. PUBLISHER

Advertisement for Jean Dinh Van, featuring a watch and the address 7, rue de la Paix, Paris.

Advertisement for Movado Museum Watch and Peigney watches, featuring a watch and the address 7 Rue de Castellane, 75001 Paris.

Large advertisement for The Pavilion Inter-Continental Singapore, featuring a building illustration and contact information.

Advertisement for 'The Mission' film, highlighting its win of the highest prize at Cannes and listing other award-winning films.

Advertisement for Lanvin luxury ready-to-wear jackets, featuring a jacket illustration and contact information.

TELECOMMUNICATIONS

A SPECIAL REPORT

TUESDAY, MAY 20, 1986

Page 9

Clamor Grows for Reform Of PTTs

By Jonathan Miller

WASHINGTON — Although telecommunications is usually thought of as a high-technology enterprise, the basic control of telecommunications networks in most countries is still organized on 19th-century lines.

Almost everywhere, telecommunications are provided by Post, Telephone and Telegraph (PTT) monopolies. Like the French and West German PTT departments and the East German Bundespost. These

deregulation in Europe is slow and painful. Page 14.

re historic institutions in most cases, having grown out of old postal bureaucracies, and they have green-eyed shade image to match. But the quiet days may be numbered for the PTTs. Increasingly, they are coming under the critical scrutiny of market-oriented economists and free-enterprise politicians. France, West Germany, Italy, Australia, China, India and Thailand are among the countries where debate is under way that would lead to reform of the PTTs.

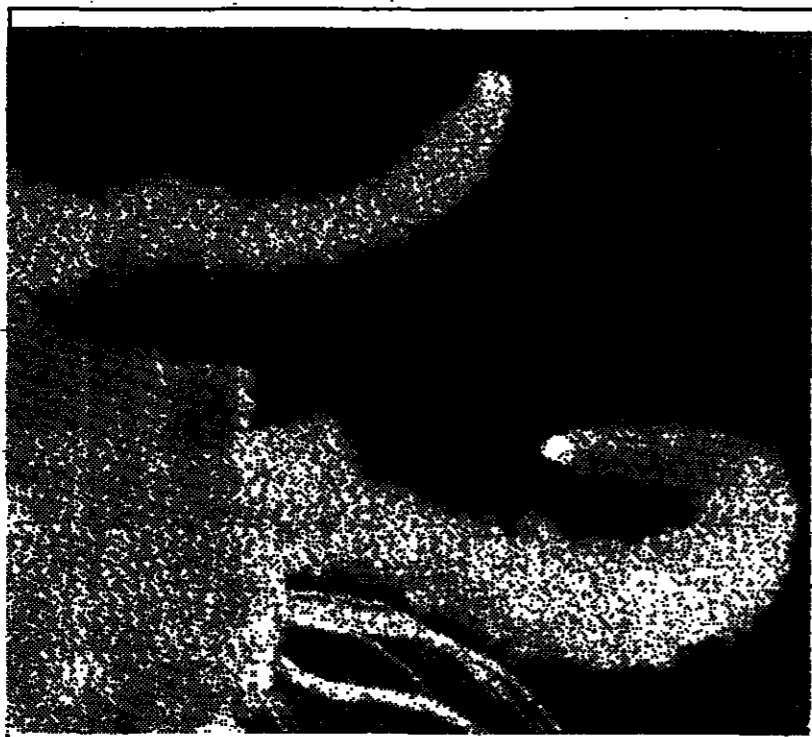
The global clamor for telecommunications reform is being heartily supported by Washington, which sees the dismantling of telecommunications monopolies as a sine qua non for participation in the global information economy.

But American officials insist that they are not trying to impose any particular new regimen on other countries. Charles Loweridge, the State Department telecommunications spokesman, said: "We're not telling the rest of the world to deregulate. We're telling them that the old ways are probably counterproductive. The traditional monopoly supplier is just not good enough in this day and age."

The State Department has recently created a bureau for international telecommunications, and President Ronald Reagan has appointed Diana Dougan, a broadcaster, to head it. She has spent months traveling around the world, urging deregulation and open competition. To support her case, she cites the diversity of choices available to business and consumers in laissez-faire America.

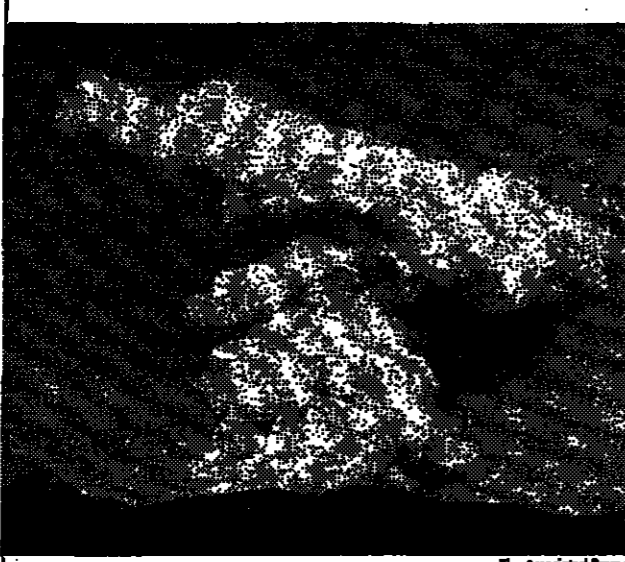
The Commerce Department has its own international telecommunications activity. The office of the U.S. trade representative has been active especially in Japan in seeking to reduce administrative barriers to the entry of U.S.-made telecommunications equipment — the passage currently enjoy a large premium in this sector. Internationally, the state of deregulation is paradoxical. While most countries have not edged toward deregulation, three of the very largest economies have engaged in stages of one sort or another. They are:

• The United States. Although there never was an official PTT, (Continued on Next Page)



A Boost for Ariane

A series of setbacks in the U.S. space program has focused commercial attention on Europe's Ariane (right, on launch pad) — now proceeding smoothly after its own launching development problems. Top, the explosion of the U.S. space shuttle Challenger in January; below, left, a Titan missile exploding in California last month and below, right, a Delta rocket carrying a satellite just before it was aborted by ground control after a malfunction.



After the Launching Setbacks, Critical Problems for Satellites

By Jonathan Spivak

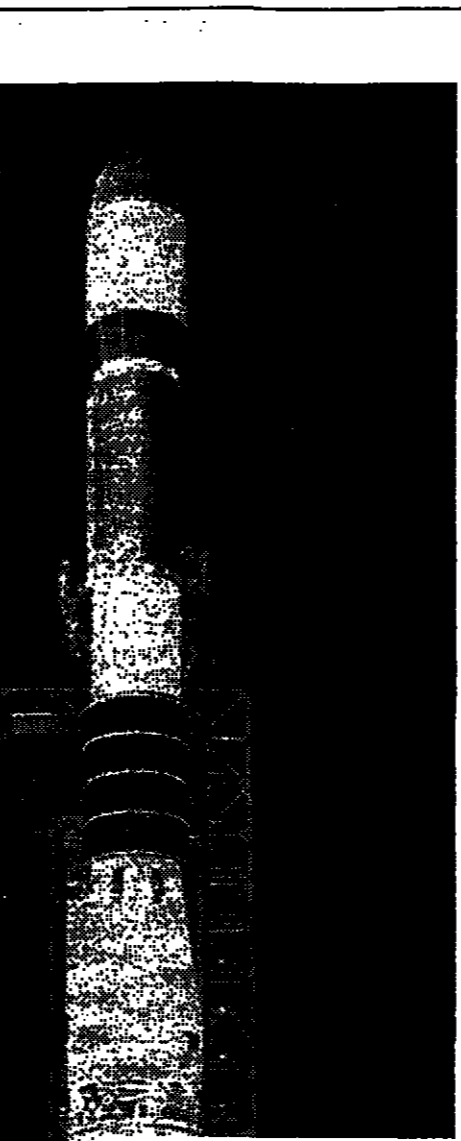
PARIS — Satellite communications, after years of unparalleled growth, are running into critical problems that could severely limit their further success.

These difficulties, technical, political and economic, will become increasingly urgent in the months ahead. Among the most important are an alarming shortage of launch vehicles, stemming from the failure of three U.S. rockets this year; a mounting political and economic attack on Intelsat and other governmental organizations that now enjoy a monopoly role in space communications; technical disagreement over satellite design, reflecting uncertainty over the economics of a new generation of costly, high-powered devices, and a potential proliferation of space-

based television channels that may produce a fight for Europe's viewers.

The failure of the National Aeronautics and Space Administration's Challenger space shuttle on Jan. 28 has taken on increased significance with the subsequent explosion on launch of an air force Titan 34D rocket on April 18 and the sudden engine shutdown of NASA's workhorse Delta rocket seconds after launch on May 3. The three launchers, of varying weightlifting capabilities, are critical to the U.S. civil and military space effort and have plunged that effort into its biggest crisis in three decades.

NASA is left without a serviceable booster at a time when an increasing number of communications and other commercial and scientific satellites are being readied for launch. Its only alternative now is the Euro-



pean Space Agency's competitor, the Ariane, which has more business than it can handle.

"Ariane is overbooked already," said Andrea Caruso, director general of Entelsat, the 20-nation European satellite organization. "Between now and 1989, all slots for launching communication satellites are taken."

The shortage of launch vehicles is not likely to be remedied soon. Even if the shuttle (Continued on Page 11)

Business Users Seek More Cost-Efficient Information Systems

By Amiel Kornel

PARIS — Telecommunications was long considered the mundane realm of engineers and government bureaucrats, a public utility hardly more interesting than a city's waterworks. But digitalization techniques, first used with computers, have transformed information into a commodity for processing, repackaging and sale. And as lead times on corporate decision-making shrink, the rapid transmission of information has become a key to a company's success.

Suddenly recognized as the conduit of the new electronic manna, telecommunications services have grabbed the attention of corporate executives, as well as electronic-equipment suppliers who want to cash in on the rising demand.

Businessmen, once content with having access to modern telephone systems, are now calling for cheaper and more efficient means of international communications.

"Businesses want the ability to develop cost-efficient networks," said Ernst Weiss, who until last month was president of the International Telecommunications User Group.

The new demands are pushing European governments to unleash market forces in this increasingly lucrative and dynamic sector. "In my mind, the PTTs have only one chance," said Theodor Irmer, director of the Consultative Committee for International Telephone and Telegraph (CCITT), the Geneva-based international standards-setting body. "They must act as a commercial organization."

Frustrated by the conservative state-run telecommunications authorities, or PTTs (for Post, Telephone and Telegraph), users are counting on the opening of telecommunications services and equipment markets to help solve their international communications problems.

"PTTs are driven by their domestic markets," said Roland Linderth, director in charge of computing and telecommunications at the Swedish carmaker Volvo. "They haven't paid much attention to the international needs of users."

The tentative liberalization efforts could determine whether or not European industry can keep up with American and Japanese competitors.

"The future looks terrible if the structure stays the same," said a European Community official in Brussels. "The key problem for the community is that services be provided to the economy at competitive quality and competitive cost."

"Slowly, but steadily," said Mr. Weiss, "governments have understood the impact of telecommunications as an economic factor."

Business communications currently make up more than 50 percent of PTT revenue. While 90 percent of those business communications still come from telephone and telex, data communications are growing by 30 percent to 40 percent a year.

To match that growth, companies say they need the capacity to transmit higher volumes of data more quickly. The technologies, such as satellites and optical-fiber cable, exist, they point out. The PTTs have simply not been rushing to make them available, whether for economic or political reasons.

"The possibility for these services is there," said Mr. Linderth, "but no one is selling them."

And as users try to develop their own ways to move greater amounts of information more quickly over international borders, they stumble over standards problems and costly tariff structures that seem to bear little relationship to the cost of moving that information.

"Telecommunications is not getting cheaper," noted Mr. Linderth, "while computing services are. One reason is that international communications are quite expensive."

Computing costs have dropped roughly 100-fold since 1960 as microelectronics technology improved. But telecommunications, which have benefited from many of the same scientific advances, have continued to become more expensive. Business communications services in particular have been kept artificially high

by carriers to cross-subsidize residential telecommunications costs. In the case of the PTTs, revenues also help pay for loss-making postal systems and sometimes end up as subsidies to struggling national electronics firms.

International business communications have been hardest hit. The cost of an international leased line, a dedicated circuit rented for a flat rate on a monthly basis, is often three times more than one covering the same distance within a single country.

While manufacturers, users and government authorities have redoubled their efforts in recent years to define common standards for communications, divergences in the implementation of those standards continue to cause the communications cacophony that has irritated users of information technologies in the past.

For example, when Data General Corp. bought a \$5-million communications network, the U.S. computer maker expected little trouble in linking its offices worldwide because the network used the X25 packet-switching protocol defined by the CCITT. But variations in the way France and West Germany implement this standard made it impossible to hook Europe into the network without making costly modifications.

Supporters of telecommunications deregulation are calling for testing procedures and services that are supposedly based on the same standards. "Major success for standards is only possible with proper test tools," said Werner Broadbeck, director for standards at IBM Europe.

In view of this changing scene, users are looking at (Continued on Next Page)



Detail of a television screen showing programs available in Biarritz, the only French city with 16 cable television networks in operation. Article, page 11.

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A SPECIAL REPORT ON TELECOMMUNICATIONS

Phone Digitalization: Full Speed Ahead

By Arthur Brodsky

WASHINGTON — For the Americans and the British, it's the digital network. For the French, it's the *réseau numérique*. In either case, digitalization of telecommunications is the driving force behind the communications equipment market.

Whether the product is the large central office switch, the private branch exchange (PBX) installed in businesses or the lowly telephone sitting in utilitarian fashion on a desk, the goal of manufacturers is to make certain they can all take part in the much-heralded "information age."

To a great degree, the equipment being produced is dependent on the growing sophistication of business users, who have increasingly complex telecommunications needs, as well as the increasing sophistication of transmission media. Equipment will have to be able to function whether connected to ordinary copper wire or space-age fiber optics, functioning as an ordinary PBX handling voice traffic or connected to the company computer to transmit data.

The digital revolution is in full swing, particularly for the heart of the revolution: central office equipment. High-speed data transmission, videotelex, complex switching capabilities, even local area net-

works provided within a customer's premises are all handled out of the central office. In the United States, American Telephone & Telegraph Co. and Northern Telecom are clearly the leaders, although several others, notably Siemens AG and L.M. Ericsson, are trying to carve out a market share with varying degrees of success.

As one measure of the rush to digitalization, AT&T last year shipped 6.5 million lines on its leading product, the SESS digital central office switch, double the volume in 1984. The increased SESS production is described by AT&T as "the largest, fastest, most successful product build-up in AT&T's history." Virtually all of those switches, and the software that drives them, are being sold to the former Bell System telephone companies, which, of necessity, are phasing out analog switches in favor of the more versatile digital ones.

One factor slowing the development of some of the newer services, particularly the vaunted Integrated Services Digital Network, which is able to transmit voice and data simultaneously, has been the lack of software from AT&T to support some of the new services. A major criticism of the divestiture in the United States is that even though the Regional Holding Companies, the so-called "Baby Bells," are separate from AT&T, they are still

dependent to a great degree on AT&T's hardware and software.

AT&T, GTE, Northern Telecom and the rest have worked for years in the United States and have adapted to American standards. Just because a switch is digital, and has good engineering, is no guarantee of success, as ITT found out the hard way. ITT spent about \$145 million to try to push its System 12 central office switch into the U.S. market. A switch that sold well around the world did not find acceptance in the United States and so ITT finally conceded defeat and left the American market.

The central office market is perhaps the best point of comparison between the United States and Europe. In the United States, the system is in a constant state of development. The Federal Communications Commission is advocating a new policy that would give virtually unlimited access to the central office switch, once held as sacred ground by telephone companies alone, to any service provider.

Switches made for sale in the United States will have to be adaptable. Even in countries becoming privatized to some degree, this "open network architecture" concept is revolutionary.

In Europe, the closed market still exists and, as a result, costs for switching equipment can be much higher than in North America. As

Prof. Eli M. Noam of Columbia University has written, the European PTTs have set up a "postal-industrial coalition" that benefits both the government, as primary buyer of equipment to be connected to the network, and the manufacturers.

As Prof. Noam said, a variety of barriers are set up to protect that arrangement, including unwillingness to buy foreign equipment, coordinated, if slow, technological development between PTT and manufacturers and PTT-organized setting of equipment standards.

Without the motivating factor of demand for new services and competition to provide them, the equipment market in some countries will stagnate. The European Community has called for an ambitious \$7-billion investment over the next seven years by its members to upgrade the current telephone network and provide enhanced services, while asking members to meet a schedule of providing new services such as speed dialing, and packet-switching by 1990.

A tentative agreement has been reached between the European Community and the European Conference of Postal and Telecommunications Administrations (CEPT) to have the CEPT develop national European standards that the EC would make mandatory. If that happens, then the market for sophisticated central office switch-

es and PBXs could be opened even to American manufacturers.

There are even cracks showing in West Germany, as a committee on competition has recommended changing the system from strict equipment control by the government.

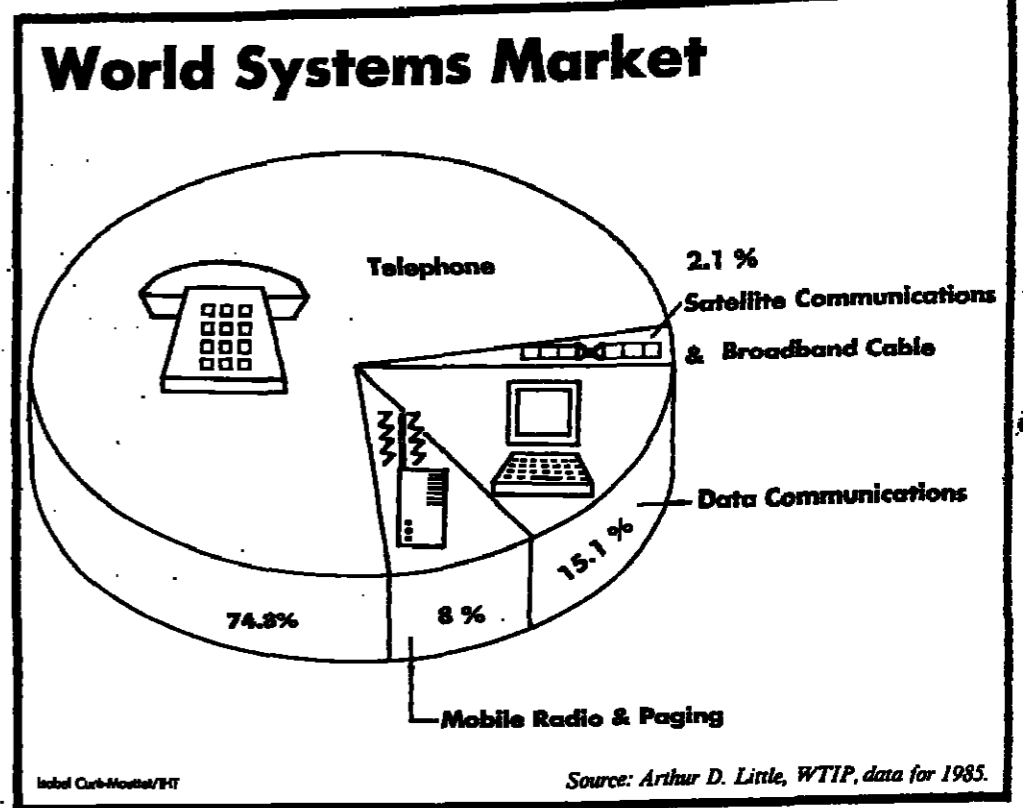
A German delegation touring the United States found that divestiture did not result in chaos and that telephone rates were actually lower in the United States than in West Germany.

The question for the Germans, as well as for the French, is whether the public data networks in West Germany or the experimental Biarritz videotransmission service in France would be enhanced, or harmed, by large-scale use of equipment from manufacturers other than those sanctioned by the government.

In the United States, there is still some confusion in providing services, but the technological quality has not been harmed by the infusion of non-AT&T equipment.

The trend in Europe will likely be to equipment made by joint venture companies. GTE has already joined with Italtel and is attempting a similar arrangement with Siemens. AT&T has entered into several joint ventures with European firms, particularly in Italy and Spain.

The digital revolution is not confined to the United States and Eu-



With the breakup of Nippon Telegraph and Telephone, the Japanese market is also opening gradually.

Northern Telecom has been a big beneficiary, signing a \$250-million agreement to sell DMS-10 switches. ITT has received orders for more than 12 million lines for the

System 12 in about two dozen countries, while Alcatel noted it has set up its tenth E10 digital central office switch in India.

Those orders are just the start. To get the data to the switch for distribution, there will be more need for fiber optics, microwave relays and the like. Alcatel, for ex-

ample, will install a microwave link on the island of Sumatra for the Indonesian PTT.

Inevitably, as digitalization spreads outward from the central office, the enhancements will end up on a desk. ROLM, the IBM subsidiary that pioneered PBX (Continued on Next Page)

Clamor to Reform PTTs

(Continued From Previous Page)

telephone service in the United States was for more than 100 years the de facto monopoly of American Telephone & Telegraph Co. — the Bell System. Following the dismantling of the Bell System in 1984, the United States went to a wide-open telecommunications marketplace, with expensive rights of access for new companies that wished to plug into the system. Today, the United States has the most advanced telecommunications economy, with a multiplicity of providers of services and equipment.

● Britain. The British have taken a totally different approach to telecommunications reform. Instead of open competition, the Conservative government has created a system under which Mercury Communications Ltd., a subsidiary of Cable and Wireless PLC, has been granted an exclusive license to compete with British Telecom. British Telecom has been established as a private company after being separated from the British General Post Office.

● Japan. Nippon Telephone and Telegraph, formerly part of the Ministry of Posts and Telecommunications (MPT), is being gradually sold off to investors, and dozens of competitors have received licenses, including JCSat, a joint venture of Mitsui, C. Itoh and the Hughes

Aircraft Co. subsidiary of America's General Motors Corp.

Many experts are skeptical that this list can get very much longer.

"The pressures for deregulation are strong and unabating, but the U.S. experience is not necessarily transferable everywhere," said Blaine Davis, vice president for strategic planning at AT&T.

Mr. Davis said that global relaxation of regulations, and the entry of new players in telecommunications markets, presents new complications. Where once British Telecom was AT&T's partner in British-American telephone and data connections, it has since additionally become a customer, by buying AT&T central-office switches, and a competitor, by having purchased Mital, which competes with AT&T in the market for private branch exchanges. Such complexities, he suggested, are the future of telecommunications relationships.

Wilson Dizard, who tracks international telecommunications for the Georgetown University Center for Strategic and International Studies, believes that worldwide liberalization of telecommunications will move in "fits and starts" in different countries.



At a French telecommunications exhibition, TV programs are received from around the world.

Users Demanding More Cost-Efficiency

(Continued From Previous Page)

moves toward the development of the "integrated services digital network," or ISDN, with a mixture of voice and data. ISDN should bring together in a single network all the communications services: such as telephone, telex, facsimile, data and video, that currently are transmitted separately. It would offer the high-speed, high-volume communications efficiency that business users are seeking.

In a report to be published next week, London-based market researchers IDC Europe forecast that the first countrywide ISDNs will become available in Britain and France in 1989, followed by Italy and Switzerland in 1990.

But while international ISDN standards are being defined by the CCITT, users worry that those standards may not be implemented in the same way by each country.

In April, the EC Commission urged its 12 member states to develop a common program to make their future ISDN networks compatible.

In an open market, the telecommunications carriers could not remain insensitive to these international problems, users argue. "Deregulation will force service providers to sit together to work this [standards implementation] out," said Mr. Weiss.

Industrial developments could also promote communications coherence. As equipment suppliers from different countries join forces, they will be motivated to harmonize their product offerings.

"European alliances may push standardization and open up the European market," said Marisa Bellisario, chairwoman of the Italian telecommunications firm Italtel SpA.

Besides helping to open the market, standardization might stimulate growth in the use of international communications. "You can expect that demand will go higher when standards are set," said Kees Mulder, a telecommunications consultant at IDC Europa.

This is good news for equipment suppliers. According to the EC

Commission, telecommunications-related products, which equaled 15 percent of total information-technology spending in 1984, will rise to 60 percent by the year 2000. The growth is expected mostly from integrated business information systems, projected to be worth \$200 billion by the early 1990s.

The growth in the equipment market is critically dependent on the evolution of the telecommunications infrastructure. The lesson is not lost on equipment suppliers, who see future money-making opportunities in being providers of networks and value-added services, such as electronic mail.

"I believe that there will be only three or four network suppliers in the next five to 10 years," said Jacques Stern, chairman of Groupe Bull, France's leading computer maker, "and they all will be computer companies."

"The main need is provision of network infrastructure," said Bob Holder, vice president and managing director for Europe at AT&T International headquarters in Lon-

don. "AT&T has proven that it can design, deploy and manage communications networks. So we would be in a good position to furnish communication networks to large users."

Manufacturers say that in an open market, they would be in a more flexible position to respond to business users' communications needs.

James Van Horn, director of systems marketing at ITT Europe in Brussels, said: "If you open an environment, products may evolve differently. . . . If you remove some restrictions that you had in a regulated environment, it permits engineers and designers to find different solutions."

"As the environment becomes more liberal," said Mr. Holder at AT&T, "the ability for large suppliers to deal with customers on an international basis increases." He added, "Once you see that kind of open situation, the kind of services you can offer are limited by only the imagination."

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'With 250 rooms, and an average of 400 guests each night, an efficient telephone system is absolutely vital,' explains Mr. Conte. 'There are two main PABX functions which are essential in a hotel — and where Philips scores over the competition.'

'Firstly, the automatic logging of telephone calls from each room. When a guest checks out, the system instantly calculates the total amount owed — accurate to the last Lira!'

The other main benefit is the 'wake-up call' feature. 'Most mornings, several guests want a call at the same time. Instead of dialling them individually, the SOPHO-PABX does it automatically, however many calls are needed.'

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A SPECIAL REPORT ON TELECOMMUNICATIONS

Technological Advances in Fiber Optics Are Revolutionizing World Industry

By Jonathan Miller

WASHINGTON — It is easy to understand the enthusiasm of telecommunications professionals for technology of fiber optics, the coming new communications technology that works by shooting a beam of light — "photons" — through thin cables made of purified glass.

Fiber-optic cables lack the glimmers of satellites. No blazing rockets are associated with the nifty work of digging trenches for fiber-optic cables or hanging them in poles. But what fiber optics lack in spectacle, they more than make up for with performance.

For businesses, fiber optics offer the advantage of large capacity for telephone and data connections. For consumers, the idea is to replace both the telephone cable and the one used for cable television with a "one-wire" connection able to deliver telephony, television and futuristic home shopping, banking and information services.

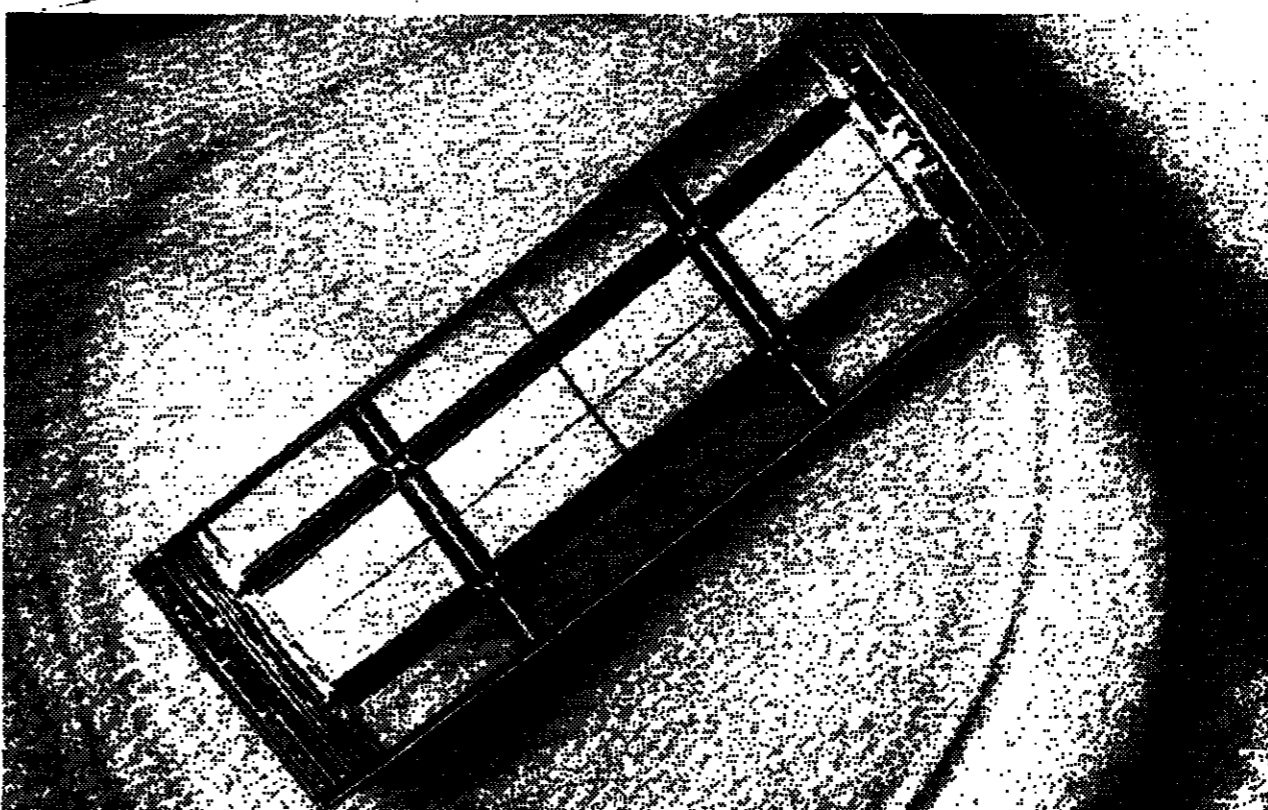
Ultimately, an AT&T official predicted, fiber optics may be able to transmit an entire movie in just a few seconds, allowing for a "download" system of television in which viewers could order programs from film libraries in which all the world's films and television programs would be stored in digital form, perhaps on computer disks.

The brief history of fiber-optic development is one of technology's biggest success stories. Fiber optics have consistently cost less and performed better than predicted. Unlike satellites, they are not particularly effective for "point-to-point" communications, such as broadcasting of television programs. But for "point-to-point" communications, such as telephony, they are the medium of choice.

The capabilities of fiber-optic cables already exceed known requirements. The initial Chicago cable should handle a few hundred telephone connections; today's fastest fiber-optic links can easily handle hundreds of thousands. In the labs are systems that transmit one billion "bits" of computer data every second.

American, Japanese and European companies are the primary suppliers of fiber-optic cables and the related connectors and amplifiers. In the United States, AT&T and Corning Glass are prominent suppliers. West Germany's Siemens AG and Britain's Standard Telephone and Cable are among the flag carriers in Europe; Fujitsu and NEC are prominent fiber-optic suppliers in Japan.

In the Soviet bloc, development work is reported in East Germany, where, following from astronomy and photography, there is a tradition of specialization in optics. China, South Africa and Brazil all are fostering fiber-optic industries.



Smaller than a fingernail, AT&T's new computer memory chip can store more than a million bits of information.

As Market Waits, Regulatory Jungle Delays Cable Television Networks in Europe

By John Wolfe

WASHINGTON — The technology is in place, industry observers say. A substantial market demand exists. But Europe's awaited pay television boom seems to be arriving slowly, due in measure, they say, to the regulatory constraints that European governments have set on would-be competitors to state-owned national broadcast systems.

Throughout Western Europe, cautious are that these constraints are gradually deregulating cable and satellite television, fostering competition between the technologies and the state-owned broadcast out-

side situation is markedly different in the United States where a series of deregulatory actions and decisions have resulted in a fully unfettered pay television industry dominated by cable television but with competition from pay-per-view, pay-per-call, pay-per-cassette recorders and an emerging direct-to-home satellite service.

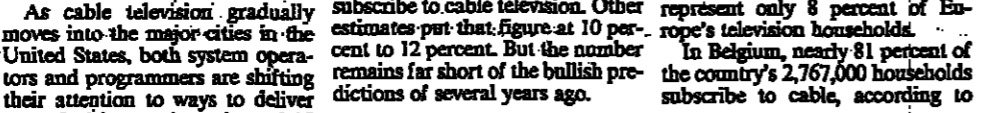
In the United States, more than 10 million households subscribe to television services, representing 6.8 percent of all U.S. television homes, according to research by the A.C. Nielsen Company. Communications Inc., the nation's largest cable multiple system operator, serves 3.77 million of cable subscribers, and the individual system, operated by Cable in San Diego, numbers 264,963 subscribers.

First Boston, fifty-four percent of the Netherlands' 5,321,000 homes have cable, and the Swiss government has announced plans to build advanced cable systems in Basel and Geneva, the country's two largest cities without cable.

Other pay services include RTL-Plus, a German-language channel from Luxembourg; FilmNet, a Dutch movie service; Teleclub, a movie channel backed by Swiss cable operator Rediffusion, and Ems Plus, a culturally oriented service from West Germany that debuted March 29.

Some industry observers predict that the slow growth of cable in Europe, coupled with the comparatively rapid growth of satellite pay services, could mean that direct broadcast satellite could emerge as the dominant video delivery vehicle in Europe. The first high-powered DBS satellite, capable of delivering signals directly to home receiving dishes two feet (609 meters) in diameter, will likely be launched early next year.

Mr. MacDonal of First Boston asserted that Europe will eventually bypass cable for DBS, which he predicted "will become a big business in Europe in the next two to four years." Conversely, he said, "it's going to take 20 years to fully wire Europe for cable."



A worker installing television broadcasting cables under the streets of Paris.

As cable television gradually moves into the major cities in the United States, both system operators and programmers are shifting their attention to ways to deliver pay television to the estimated 15 million to 20 million homes in rural America that are never likely to be wired for cable. A substantial portion of those homes have already purchased backyard satellite dishes, enabling them to receive cable programming services for free.

But by the end of this year, industry experts predict that nearly every popular cable service will be scrambled, requiring backyard dish users to purchase a decoder and pay monthly fees for programming. As a result, there will likely be a jockeying for position among cable operators and programmers this year as both try to deliver a package of pay services to the rural market.

In Europe, however, the development of pay television services, particularly cable, has been slow. The structures have been put there to deliver cable," observed Tom Wheeler, a media consultant based in Washington. "The problem is building it and getting consumer acceptance."

He added, "Building it is a political issue that you have to fight the PTT over. And gaining acceptance of cable in the marketplace also runs headlong into the fact that now the new service has to compete with a now-entrenched VCR market and at least a fledgling direct satellite business."

Phone Digitalization

(Continued From Previous Page) technology and recently shipped its millionth digital phone, takes pride not only in providing speed dialing and voice mail systems, but also compatibility with computers for its desktop units. AT&T and Northern Telecom are running neck-and-neck in the PBX market, with AT&T regaining some market strength after falling behind Northern Telecom in 1984. AT&T's new mid-sized System 75 is a strong seller, and it is expected to introduce a small-scale system by summer.

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After Setbacks, Satellite Outlook Critical

(Continued From Page 9) as to service next year, the fact that can be expected, many analysts worry that it will not be communications or other aerial satellites. Military requirements may take all the possibilities.

Equally important is the U.S.-led attack on the favored position of the 110-nation Intelsat, the International Telecommunications Satellite Organization, which dominates the global satellite communications. Intelsat's monopolistic position may be controversial, but few space experts question its technical success.

More imminent is a drive to dismantle the monopoly over European satellite communications exercised by Entelstat. A privately owned Luxembourg satellite company intends to launch a satellite in 1987 that would tap the lucrative pan-European television market in competition with publicly owned systems.

Entelstat and state communications officials fear that the Luxembourg Société Européenne de Satellite will siphon off valuable business that is needed to support their efforts. They are pressuring the Luxembourg government to block it.

So far, only Peru has shown interest in setting up a separate satellite communications system with the United States, hardly offering enough traffic to make the move economically viable. More threatening would be a trans-Atlantic link with Britain, which has already privatized its domestic telecommunications system.

If you found this newspaper in ten years time, you could still cut the coupon for this digital exchange.

However, before you think too far ahead, let's flick the pages back a little.

To ten years ago. Back then, the telephone was at the forefront of the office. Everyone was happy with it. It did its job.

Today though, it shares desk space with an equally important worker.

The Personal Computer.

But unlike its telephonic neighbour, exchanging information has never come easily to the PC. So it's only ever talked to itself.

That's why ITT designed a digital exchange (or PABX as it's sometimes called), that will speak PC language.

We call it the ITT 5200 BCS. With our PABX, personal computers talk happily away to each other, while it is coping efficiently with your present telecommunications needs.

And as for the telephone's future, the PABX

sits there patiently, waiting for the new and forthcoming technology to catch up with it.

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A SPECIAL REPORT ON TELECOMMUNICATIONS

A Call for More Telephones in Third World

By Brenda Maddox

LONDON — The goal sounds both utopian and reasonable — a telephone within the reach of virtually every person in the world by the early 21st century.

The only ones who need persuading are the most interested parties: the international organizations such as the World Bank that give or lend money for development and the governments of the developing countries. Both have traditionally favored more tangible projects, such as new roads, bridges, dams and airports.

And both have shared a deep-seated prejudice that, in the Third World, telecommunications expenditure is a costly luxury that favors the rich and urban dwellers and does nothing for the rural poor.

Neither is true. The recent Maitland Commission report on international telecommunication development as well as independent academic studies, such as last year's "When Telephones Reach the Village" by Dr. Heather Hudson of the University of Texas at Austin, show that communications does about the best investment. A developing country can make them profitable and carry social benefits as well.

In remote northern Ontario, according to an example given by Dr. Hudson, a former telecommunications economist with the Canadian Ministry of Communications, Indian trappers rent two-way radios to take out on the trapline. They keep in touch with their families, request help in emergencies and divert themselves in the evenings by chatting from camp to camp. They are more willing to go into the wilderness if the link to civilization is there.

Next month in Geneva, the new Center for Telecommunications Development recommended by the Maitland Commission will begin operation. By next year, the center should be able to get to work on what its chairman, Jean-Claude Delorme, president and chief executive of Teleglobe Canada, sees as its most important task — helping poorer countries make their case, before domestic as well as international authorities, for spending more on telecommunications.

The center will build on the findings of the Maitland Commission, led by Sir Donald Maitland, a retired British civil servant. The commission conducted a global study for the International Telecommunication Union of the United Nations.

It reported in January 1985 that in virtually every country in the world, excluding only the very poorest like the Sahel countries of Africa, telecommunications services pay their way, returning about 15 percent on investment every year. They also stimulate the growth of the whole economy, with rural areas benefiting even more than cities from access to up-to-date information, whether it be commodity prices, weather news or health bulletins.

The Maitland report, entitled "The Missing Link," called attention to the imbalance between the haves and the have-nots with an array of statistics:

- Ninety percent of the world's telephones are in the hands of 10 percent of its population.
- Of the world's 600 million telephones, three-quarters are in nine countries.
- There are more telephones in Tokyo than in Africa.
- Over half the world's population live in countries with less than one telephone for every 100 people.

As a first step toward correcting this imbalance, the Maitland Commission proposed the new telecommunications center. However, a number of questions have come up about its independence and financing.

Mr. Delorme accepted the chairmanship last month. He said that the center's backers would be announced next month and that he was confident the necessary funds would be found. A number of large companies in the industrialized nations seem ready to help finance the center. The members of the center's advisory board, like Mr. Delorme, come from industry rather than government.

The big industrialized countries have a strong incentive to promote telecommunications in the Third World. All have their own manufacturers eager to move into the Third World market. American Telephone & Telegraph Co., NEC Corp., Northern Telecom, GEC, Thomson-CSF, Siemens AG, Philips, ITT Corp. and L.M. Ericsson are very development-minded. They can export their favorite products — large public telephone exchanges, microwave systems, telephone instruments — and promise buyers the prospect of local manufacture.

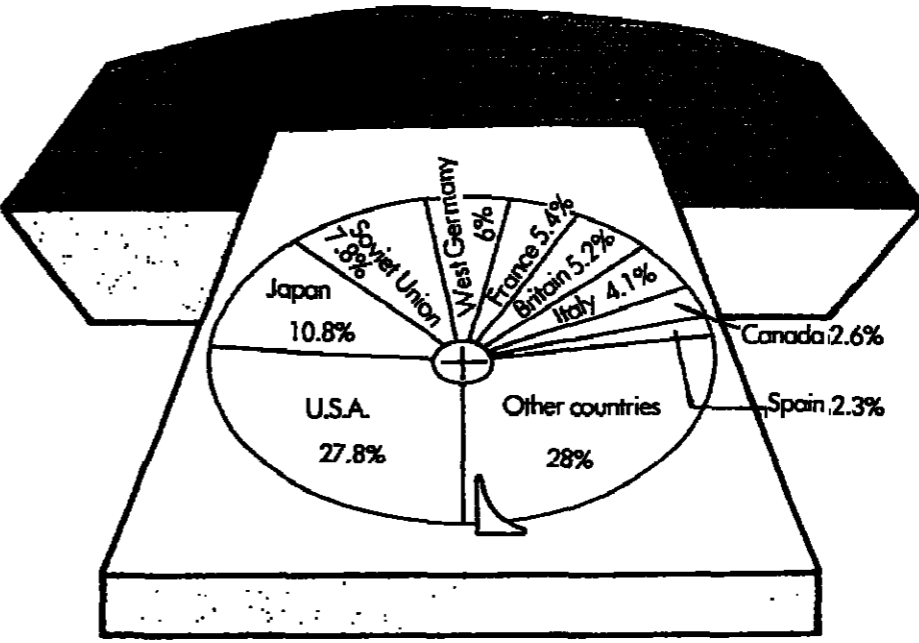
Telephone technology is ideal for transferring to countries where labor is cheap. A growth in international telephoning increases the revenues to the richer countries' own telephone authorities and to Intelsat, the international satellite communications consortium in which these same countries are the greatest profit-earners.

It is perhaps no accident that Canadian names are prominent in telecommunications development. With highly successful telecommunications industries and a wilderness to conquer, Canada has led the way in many communications fields, such as domestic satellites and cable television, and may in another — telecommunications development economics and planning.

The Maitland Commission estimated that \$10 million a year was necessary to stimulate the enormous volume of telecommunications projects, worth about \$12 billion a year, for the world to reach the telephone-per-village standard early in the next century.

Mr. Delorme, however, thinks that \$10 million a year may not be necessary. "With a small efficient staff, we may be able to contribute what has been lacking," he said.

Where the Telephones Are



72 percent of the world's 424 million access lines are concentrated in nine countries.

Label: Curt-Monroe/WTIP

Source: Arthur D. Little, WTIP

Intelsat has its own program to study ways of using the revenues from lucrative satellite routes to subsidize the lightly used Third World links.

Mr. Delorme is confident that the center can complement the International Telecommunication Union's work without being swallowed up by it and avoid conflict

with the more politicized International Program for the Development of Communications of the United Nations Educational, Scientific and Cultural Organization.

Integrated Digital Networks: Questions on Cost and Worth

By Eli M. Noam

NEW YORK — Investment decisions on the next generation of "integrated services digital networks" or ISDN, have been made almost entirely within a "postal-industrial complex" of engineering bureaucracies in government and equipment firms. The basic idea behind ISDN is sound, but its cost, benefits, and implications for national telecommunications policies need more of an airing.

The discussion is not helped by the slipperiness of the concept. ISDN is, first, an upgrading of the telecommunications network by digitizing it all the way to the end user. This continues the replacement of analog telephone technology by the digital system spawned by the computer. It makes possible more powerful transmission flows of data, documents and pictures.

As long as ISDN simply implies digitalization, it is hard to find fault with this development. ISDN, however, is more than an upgrading. It is part of an administrative strategy to consolidate telecommunications into one standardized network at a time when the concept of a unified and monopolistic net-

work is increasingly being questioned on economic and political grounds.

"Integration" is not simply an issue of technology, but also one of control over the nature of a country's telecommunications system.

From the engineer's perspective, the unified system is a more elegant technical solution than the duplication of separate networks. And yet, the avoidance of duplication is not all there is to efficiency. Since Adam Smith, economists have believed that the inefficiency of monopoly more than offsets the benefits of economies of scale, and that specialization tends to enhance productivity and innovation.

Consequently, in the United States, the policies of divestiture and deregulation have sacrificed the economies of large size and integration in favor of competition and have opted for a segmentation of networks rather than for centralization.

The concept of ISDN, by itself, does not require monopoly. There could be multiple and competing ISDNs. However, usage has, at least for the governmental telephone authorities (PTTs), implied a de facto exclusivity; after all, the

abolition of duplicative networks is stressed as a main goal of integration.

In Europe, a coalition of bureaucracy and equipment manufacturers is evident on ISDN, and for good reason. In most European countries, the expansion of telecommunications in the decades following World War II had kept telephone authorities busy and manufacturers profitable. But by the early 1980s, most households had been connected. At this point, accelerated replacement rather than simple expansion had to be the motor for domestic sales.

An ambitious program of upgrading, such as ISDN, is just the right prescription for future equipment procurement. Thus, it is not surprising that there is a distinct "supply-drive" to ISDN. Large users have mocked ISDN as "innovations subscribers don't need" and worried about the continued availability of leased lines, at flat rates, for their private networks. And small users have shown scant interest.

In the United States, the idea of centralized telecommunications was never palatable. AT&T, even in its heyday, shared the field with

more than a thousand independent telephone companies, and with specialized domestic and international carriers. Deregulation and divestiture encouraged the segmentation of the general network by permitting, first, alternative long-distance carriers, and, more recently, also of rival local "bypass" transmission. This is accelerated by the emergence of resellers of such local bypass services (shared tenant services). The trend has now led to yet another and still more radical approach that is little known outside Washington, the concept of open network architecture.

Open network architecture breaks down network components by unbundling all central exchange functions of local carriers into fundamental building blocks, which are made available to all users and resellers alike. Where any of the blocks would be obtained more cheaply or easily from another supplier, they can be substituted and combined with blocks of the local exchange company. Competition and resale would thus exist for the various functions of the exchange switch. This is a radical reversal of past practice, where the established telephone carriers tried to prevent

any reselling. Now, they aim to profit from it, and, not coincidentally, to use it as an argument for their own deregulation.

In technical terms, the open network approach is not contradictory to ISDN since an ISDN operator could similarly provide for the subdivision of its functions, permitting various configurations and resale to third parties. This is likely to happen in the United States. But the ISDN concept as seen by its PTT champions is very different. Open network architecture lowers barriers to entry for rival and varied communications services. ISDN, in contrast, is part of an effort to raise entry barriers and assure monopoly by providing a highly integrated network. Open network architecture separates where ISDN consolidates.

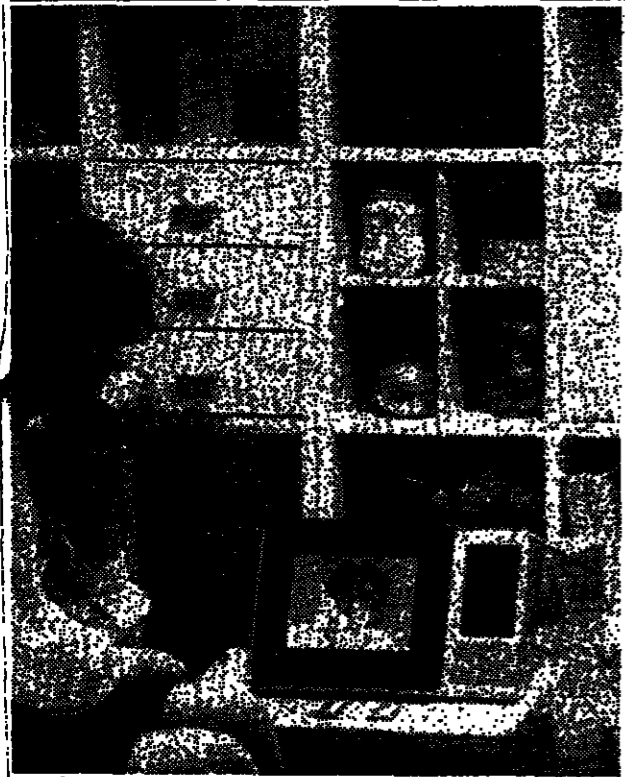
Thus, the United States and many of the PTT countries are embarked on fundamentally different paths, exemplified by the ISDN and open network concepts.

Where will the road lead? Even without going as far as the United States has in segmentation, it is hard to imagine that tight control can be the governing principle of communications in the future. In

the last two decades, the general trend toward a services-based economy has vastly enlarged the significance and variety of information in the production process. This makes it difficult for any one organization, as effective as it may be, to be solely in charge of the giant task of transmission and distribution of electronic information. To continue to do so imposes an increasing cost on the rest of the economy.

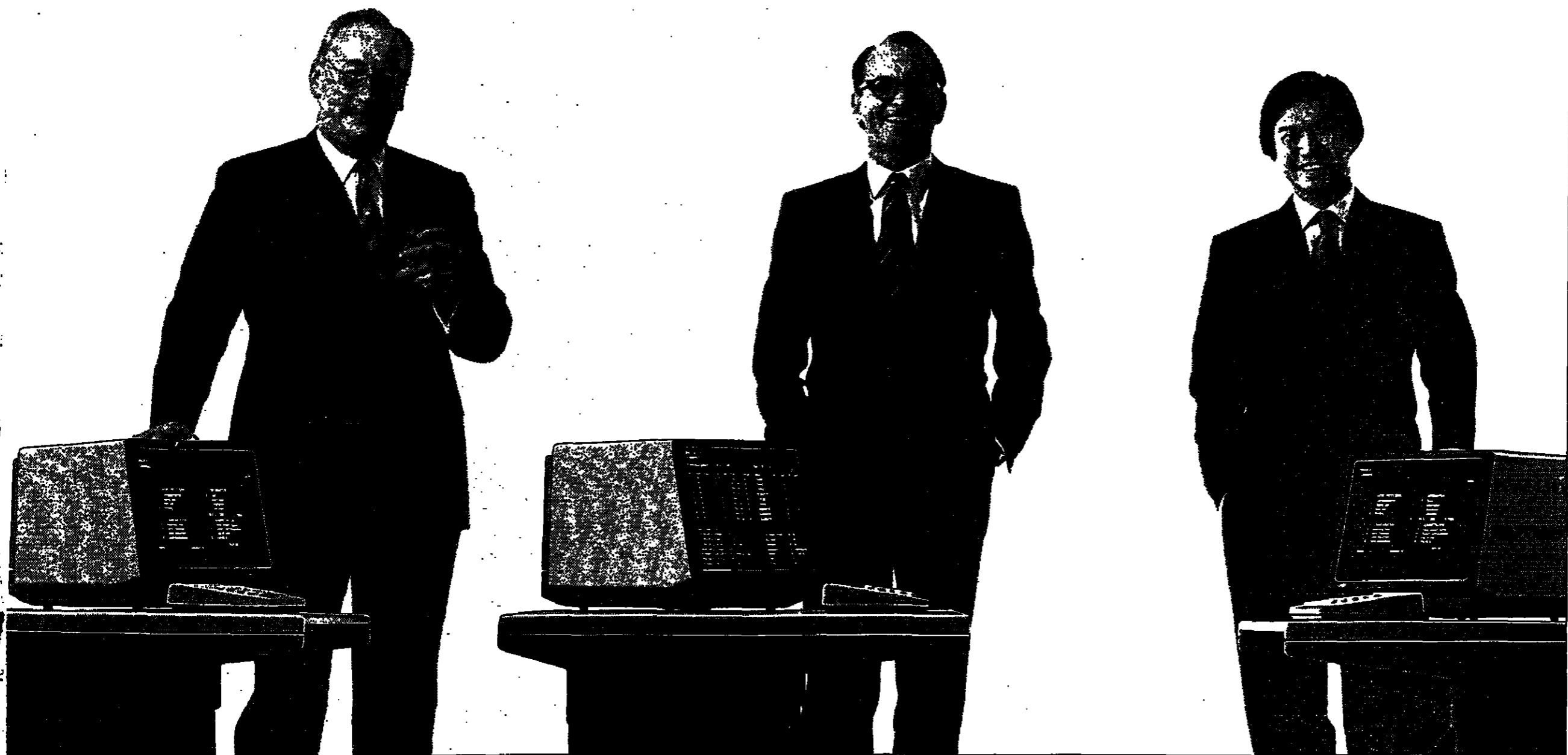
The PTTs have clouded this simple conclusion by transforming, in the public mind, telecommunications policy issues into those of social policy and presenting themselves as the indispensable trustees of affordable universal service. But one should be able to conceive of alternative methods of subsidizing worthy and needy users. This would permit society to reap the technological benefits of ISDN, while relaxing the institutional rigidity behind it.

The author, a professor at the Columbia Business School, is presently completing a monograph, "Telecommunications in Europe."



Telephone of future, equipped with image receiver, is mainly seen at telecommunications exhibitions. The technology is ready, but cost has limited the market.

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A SPECIAL REPORT ON TELECOMMUNICATIONS

European Deregulation: Slow, Painful

By Jonathan Spivak

PARIS — The winds of capitalism, competition and change are sweeping through Western Europe's telecommunications monopolies. But deregulation will come painfully and slowly, government officials say.

"There is no longer a question whether we are going to be deregulated," insisted a French Post and Telecommunications official. "The real issue is how much, how quickly."

The pressures come from many sides — the U.S. breakup of the Bell System, the privatization of British Telecom, the arrival of a conservative government in France and the inexorable march of technology. But strong resistance is also arising from the entrenched political forces, particularly the over-stuffed Post, Telephone and Telegraph (PTT) monopolies, their powerful civil service unions and the domestic electronic firms that profit from protected markets at home.

These conflicting pressures are leading to the following results: the split-off of state PTTs into semi-independent organizations with greater political freedom; the initial deregulation of some secondary telecommunications services, such as electronic mail; the opening of domestic telecommunications markets to foreign manufacturers, in-

cluding the probable entry of the American Telephone & Telegraph Co. into the big French market, and ultimately, large-scale competition in all forms of telecommunications.

Even now, free-market forces are intruding in the once tightly controlled realm of government PTTs. For example, the French government is losing its trans-Atlantic telecommunications business to British Telecom in London, whose rates to the United States are much lower. Technology allows the multinationals to route their traffic to or from France by way of London, leaving the French PTT only the London-Paris revenue. To meet the problem, France has lowered its trans-Atlantic tariffs and is looking for a tie-in with U.S. phone independents.

The future of PTT regulatory policy in Europe probably rests in France and West Germany, which are pursuing different paths. France is moving toward deregulation and could approach the entrepreneurial stance of Britain, which privatized the telecommunications business last year. In contrast, West Germany, with its stolid, statist PTT (the Bundespost) and entrenched unions, is resisting change. Its rigid telecommunications requirements are said to have led several multinationals to locate in the Netherlands, where the rules are more liberal.

In France, Prime Minister Jacques Chirac, who took power March 16, is expected to cautiously loosen state control of telecommunications. His state secretary for the PTT, Gerard Longuet, is trying to rationalize the telecommunications rate structure as a preliminary to giving it a politically independent status.

If rates can be straightened out so that cross-subsidies — money-making services paying for money-losing activities — are stopped, the French PTT would begin to pay value-added or sales and corporate taxes as a semi-independent entity. These would come to about 18 billion francs (\$2.57 billion) a year.

With greater political freedom, the French telecommunications agency would probably begin by deregulating the auxiliary, or so-called value-added, services, like electronic mail or message forwarding services.

In West Germany, the Bundespost has managed to restrain any moves toward open competition, except the most mild and modest, such as allowing outside equipment connections. The Bundespost's strength comes from its huge work force. Now, new moves in telecommunications policy are awaiting the results of a governmental commission of inquiry that is to report at the end of next year.

PTT-erected national barriers against the sales of telecommunica-

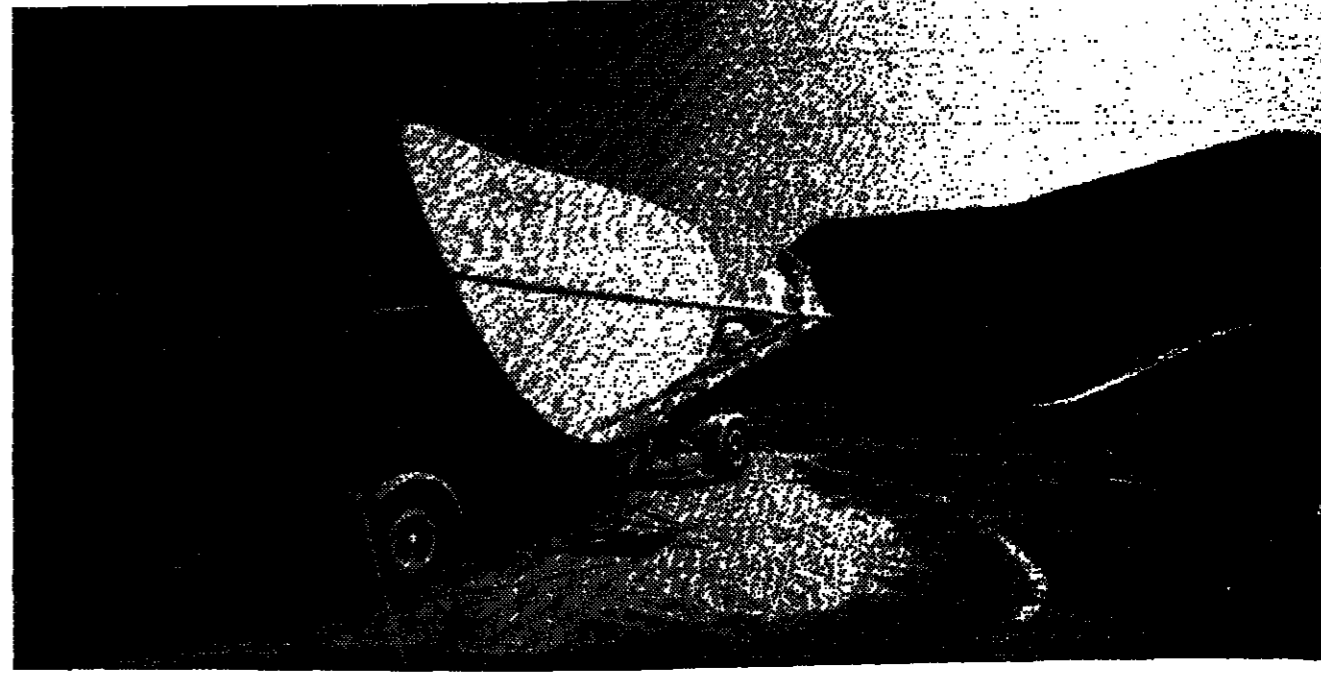
tions equipment are also being lowered through competition and deregulation. But as with other aspects of public telecommunications policy, changes are likely to be slow.

European PTTs tend to close their domestic markets to foreign telecommunications suppliers on the theory that state monopolies are cheaper and produce a stronger domestic electronic industry.

Here again, the conservative Chirac government appears prepared to take the lead in opening Europe's domestic markets to American and other equipment suppliers by inviting in the U.S. giant, AT&T. The French decision is being watched closely by other European PTTs and could nudge them toward more liberal economic policies.

Waiting in the wings for European telecommunications business are the other big suppliers, including Sweden's L.M. Ericsson, Italy's state-owned Italtel, the British General Electric Co. and West Germany's Siemens AG.

Officials of the European Community have already decreed that 10 percent of every member nation's domestic telecommunications market should be opened to foreign suppliers. The European Commission is also supporting research and planning for an advanced telephone switching network.



A satellite dish antenna mounted on a truck.

Direct TV Broadcasts: Definition Needed

LONDON — Ever since the international definitions for direct-to-home satellite broadcasting were drawn up in the 1970s, countries on both sides of the Atlantic have been squirming to live under the wording they thought they wanted. The distinctions between broadcasting and telecommunications satellites now are unrealistic. Technology has moved ahead. Improvements in reception techniques have meant that signals

from telecommunications satellites can be picked up by quite small and increasingly cheap receivers. And these signals, as was not foreseen in the World Administrative Radio Conference rules of 1977, are carrying entertainment, films and news — the stuff of broadcast services — rather than the dry data of telephone and computer communications as had been expected. Technical improvements also mean that signals from a true DBS

will be able to be picked up by small dishes across enormous regions. Europe's national DBS, even from a country as far west as Ireland, will be receivable from Iceland to the Urals.

But the direct broadcast satellites are very expensive and no one is sure whether audiences will pay for these new television channels.

Because of the uncertain return, many DBS projects have foundered.

Nonetheless, many are under construction. The European Space Agency expects that by 1990 there will be four systems aloft in Europe — French, German, Swedish and an Irish or a British system, single or in partnership. There should be 19 operating channels. But will they be "broadcasting"?

In the United States, the Federal Communications Commission has two rulings to make on this question.

Last fall, the appeals court in the District of Columbia asked the commission to say how it defined, for purposes of regulation, the services that a DBS will provide. According to the Communications Act of 1934, a broadcaster is someone who scatters his signal, welcoming all who can pick it up. Yet, the court pointed out, DBS services are intended to be received

only for people who have the special equipment to receive them and who may be a restricted group, such as subscribers who pay a monthly fee. Looked at that way, DBS will not be broadcasting at all.

On the other hand, if it is, then should not its operators be subject to the same requirements on political fairness and equal access that fall upon television companies?

The FCC should give an answer soon to these questions.

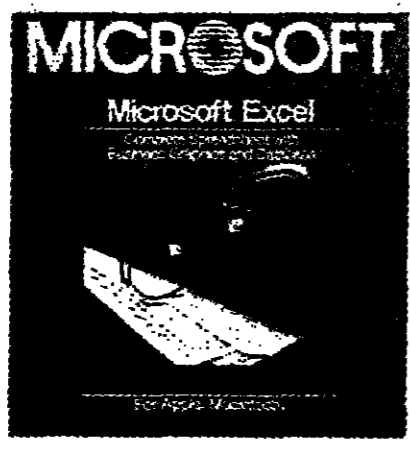
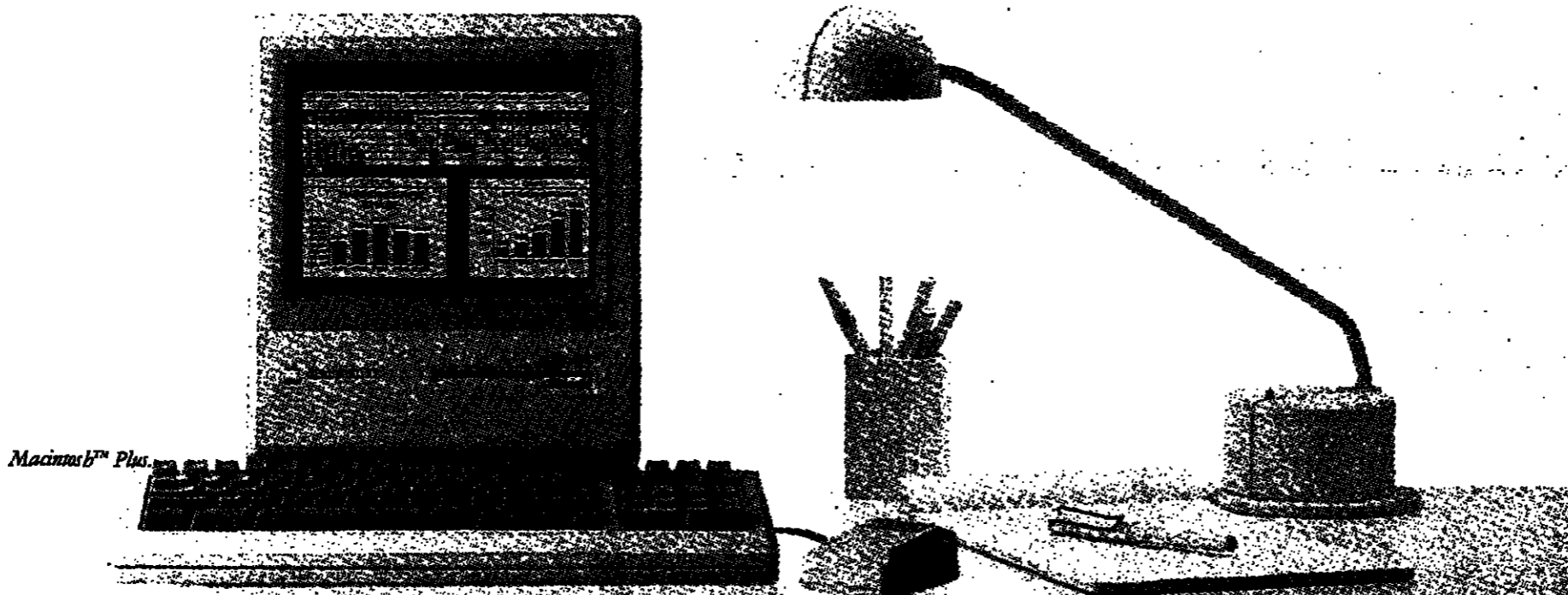
Meanwhile, the commission has been asked a more pressing and practical question. May satellite operators use the DBS frequencies for nonbroadcast services like business communications?

The dilemma is not just an American one. In Europe, two studies by the European Space Agency show that DBS could be a powerful means of delivering video information services to homes and small businesses — corporate business conferences, for example. But the regulatory restraints on using broadcast frequencies for private purposes would prevent this.

All European countries with DBS ambitions, therefore, will be watching the FCC's decisions with great interest to see if and how the Americans can take the "B" out of DBS.

— BRENDA MADDOX

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Dish Industry Growing Despite Launch Setback

WASHINGTON — How big will the satellite industry grow? "I think there'll be a dish on top of every building in the world," said Sidney Topol, chairman of Scientific-Atlanta, a Georgia-based manufacturer of satellite equipment.

Mr. Topol and his colleagues in the satellite industry are filled with a new optimism. Despite the recent problems of satellite launchers and business has never been better. The glut of satellite capacity has been replaced by a scarcity, particularly of the higher-powered satellites that are capable of serving small dishes.

Mr. Topol said that he is not worried that fiber optics will tangle the market for satellite equipment although he admitted that when the need is for telephone circuits on heavily trafficked routes, fibers will prevail. Where satellites excel, he asserted, is in "asymmetrical" networks — applications like broadcasting and specialized data communications in which all or a preponderance of information flows in one direction.

Americans have been the pioneers in finding new uses for satellites. More than a million American homes have dishes in their backyards, and hundreds of thousands of businesses have dishes on their premises.

But the trend is becoming international. The Méridien Hotel in Paris has eight dishes on its roof, receiving television from West Germany, Britain, the Soviet Union and Saudi Arabia, among other countries. Dishes are now legal to own in both West Germany and Britain and are being sold at Harrod's in London. Other countries have different licensing requirements and the dishes' legal status in much of the world is unclear. The dishes are virtually impossible to obtain in the East-bloc countries.

Dishes made of chicken wire are appearing in remote Indian villages, bringing news and educational television from the cities. They even have become status symbols. Millionaires put dishes on their yachts; President Ronald Reagan takes a collapsible model with him when he goes on trips.

The hot item in satellite communications, apart from television, is the VSAT, the compact transmitting and receiving dish. It is expected to grow into an enormous business. VSATs are being used in many ways in the United States. They broadcast data — The Associated Press and Reuters send out their news wires via satellite — and are used in the creation of corporate television networks. IC Penny, for example, uses a VSAT to keep its field staff in touch with fashion trends and retailing techniques. They are also being used to "close the gap" between point-of-sale terminals and centralized management information systems.

The most popular kind of dish is a saucer-shaped television antenna — the Television Receive-Only (TRO). Most of the two million TVROs sold in the United States in the past five years, at an average cost of \$2,500, had to have antenna diameters of six to 10 feet (two to three meters) in order to pick up the relatively weak signals transmitted by the first generation of domestic satellites.

The newer satellites are able to transmit satisfactory pictures into dishes of three feet or less, costing less than \$1,000. Some believe that within a year, as more powerful satellites are launched, satellite dishes will be about two feet in diameter and cost less than \$500.

In the United States, Congress has been asked by dish manufacturers and dealers to regulate the price charged by cable programmers. The issue arose this spring, when Home Box Office began to electronically scramble its satellite transmissions. The idea was to start collecting money from the individual dish owners who had been watching the programs for free while cable television subscribers were paying for the same service.

Congress has held hearings but has not taken any action on the issue. However, publicity over the scrambling issue has helped depress the sales of satellite dishes.

— JONATHAN MILLER

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Herald Tribune BUSINESS/FINANCE

U.S. Stocks Report, Page 16

Page 15

Statistics Index table with columns for various market indices and their corresponding page numbers.

WEDNESDAY, MAY 20, 1986

INTERNATIONAL STOCK MARKETS London Stock Prices Sink Along With Tories' Rating

By ALAN ELSNER. LONDON — Fears that Prime Minister Margaret Thatcher is heading for probable defeat in Britain's next general election triggered last week's steep fall on the London stock market, analysts said.

"The results in the May 9 elections were almost the worst the market could fear," said Nick Knight, an analyst with the London stockbrokerage James Capel.

Mr. Knight said the issue had strengthened investor fears about impending cash-flow difficulties, with the market facing the need to find £4.75 billion by the end of the year to accommodate government plans to denationalize certain companies.

Japan Reduces Interest Savings Rates At Postwar Low

TOKYO — Interest rates on many Japanese bank accounts were reduced Monday to their lowest levels since World War II. Regular savings accounts now pay 0.38 percent a year, down from 0.5 percent.

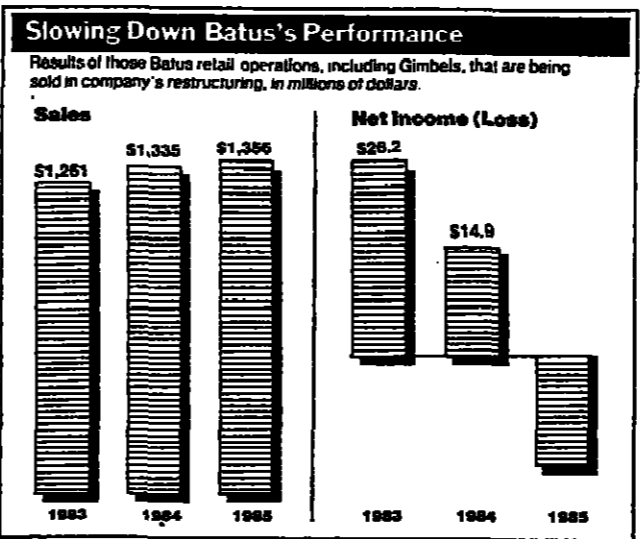
The declines in the government-regulated rates followed a reduction last month in the Bank of Japan's official discount rate to a postwar low of 3.5 percent.

The dollar has fallen by more than 30 percent against the yen since last September, when finance ministers from Japan, the United States, Britain, France and West Germany agreed to cooperate in bringing down the dollar's value.

Bell May Be Tolling for Gimbel U.S. Economists Revise Growth Forecasts Higher

By Isadore Barnash. NEW YORK — After 146 years, the great American retailing name of Gimbel may be on its way out.

Batus Inc. of Louisville, Kentucky, the U.S. arm of BAT Industries PLC, based in Britain, announced last Friday the sale of seven Gimbel stores, and the possible sale of another. In addition, there have been rumors for months about the proposed divestiture of others.



Results of those Batus retail operations, including Gimbel's, that are being sold in company's restructuring, in millions of dollars.

Batus said that three or four Gimbel stores in the Pittsburgh area and four in Milwaukee would be taken over by other companies. All the stores will be converted by the new owners, in name, style, and merchandise, to conform to their own local divisions.

U.S. Economists Revise Growth Forecasts Higher

The Associated Press. WASHINGTON — The prospects for strong U.S. economic growth and lower inflation are considerably brighter now than they were three months ago because of the plunge in oil prices, the National Association of Business Economists said Monday.

The association said its latest survey of 330 of its members found a substantial majority of them had revised their growth forecasts upward and their expectations of inflation and interest rates downward.

These revisions are coming at a time when actual growth, outside of the housing sector, has shown little rebound despite the fall in energy prices.

U.S. Survey Sees Fall in Outlays

NEW YORK — Caught in a sluggish economy, American companies say their projected spending for new facilities and equipment in 1986 will be slightly less than actual 1985 outlays, according to a survey by McGraw-Hill Economics.

The poll of 500 companies projected outlays of about \$384.5 billion this year, down less than 1 percent from actual spending in 1985.

Chinese Firm To Assemble Pratt Engines

BEIJING — China National Aero-Technology Import & Export Corp. has signed a contract to assemble PT-6 turboprop aircraft engines under license for Pratt & Whitney Canada Inc., a unit of U.S.-based United Technologies Corp., the Xinhua news agency said Monday.

Currency Rates

Table of currency rates for various countries including the UK, France, West Germany, Italy, Japan, and others, as of May 19/20, 1986.

London, New York and SDR as of May 19; others as of May 16. Quotes in London and New York are for 100 units of foreign currency.

Interest Rates

Table of interest rates for various currencies and instruments, including U.S. Treasury bills, Eurodollars, and others, as of May 19, 1986.

Asian Dollar Deposits

Table of Asian dollar deposits for various banks and currencies, as of May 19, 1986.

U.S. Money Market Funds

Table of U.S. money market funds, including Merrill Lynch Ready Assets and others, as of May 19, 1986.

Gold

Table of gold prices for various locations including London, New York, and others, as of May 19/20, 1986.

Markets Closed

Stock markets were closed Monday in Austria, Belgium, Canada, France, Luxembourg, the Netherlands, Norway, Sweden, and West Germany for holidays.

Ericsson Expecting Profits to Recover Gradually

By Juris Kazla. STOCKHOLM — Profits at L.M. Ericsson, the Swedish telecommunications and electronics company, will slowly recover over the next few years, according to its president, Bjorn Svedberg.

This year "should be a recovery year, but to reach profit levels where I would like them to be will take a couple of years," he told securities analysts recently.

Ericsson's largest unit in terms of sales, would continue to show depressed profitability compared with the high levels of 1983 and 1984, Mr. Svedberg said.

Ericsson's group sales rose 10.3 percent in 1985, to \$2.4 billion. Mr. Svedberg explained that falling profits in Ericsson's core telecommunications business mainly reflected costs associated with the transition to almost exclusive sales of advanced digital switching equipment.

Isuzu, Fuji to Make Vehicles in U.S.

By Susan Chira. TOKYO — Fuji Heavy Industries and Isuzu Motors of Japan have agreed in principle to manufacture vehicles jointly in the United States beginning in 1989.

The companies will build an automobile plant that will employ about 1,600 to 1,700 people, or more as they increase production.

The announcement brings to a close the number of Japanese companies making or planning to make automobiles or trucks in the United States.

Isuzu is partly owned by General Motors Corp. and manufactures trucks that are sold under its own name in the United States and cars that are distributed by General Motors.

Chinese Firm To Assemble Pratt Engines

BEIJING — China National Aero-Technology Import & Export Corp. has signed a contract to assemble PT-6 turboprop aircraft engines under license for Pratt & Whitney Canada Inc., a unit of U.S.-based United Technologies Corp., the Xinhua news agency said Monday.

The two companies said they plan to invest about \$475 million in the joint venture, with Fuji Heavy Industries putting up 51 percent of the capital and Isuzu 49 percent.

The presidents said that they had not yet decided whether to hire union workers, nor had they determined the total amount of capital to be invested.

Mr. Tajima said that the companies wanted to use as many parts manufactured in the United States as possible, although the companies would start off using Japanese-made engines and transmissions.

Advertisement for Jet Aviation, featuring a jet airplane and contact information for various offices.

Advertisement for Audemars Piguet watches, featuring an image of a watch and the text 'The Royal Oak. Nothing can equal the original. Audemars Piguet. La plus prestigieuse des signatures.'

Advertisement for Argentine Republic External U.S. Bonds and Bonos Nominativos, featuring the Weston Group.

Advertisement for Foreign & Colonial Reserve Asset Fund, listing various investment options and prices.

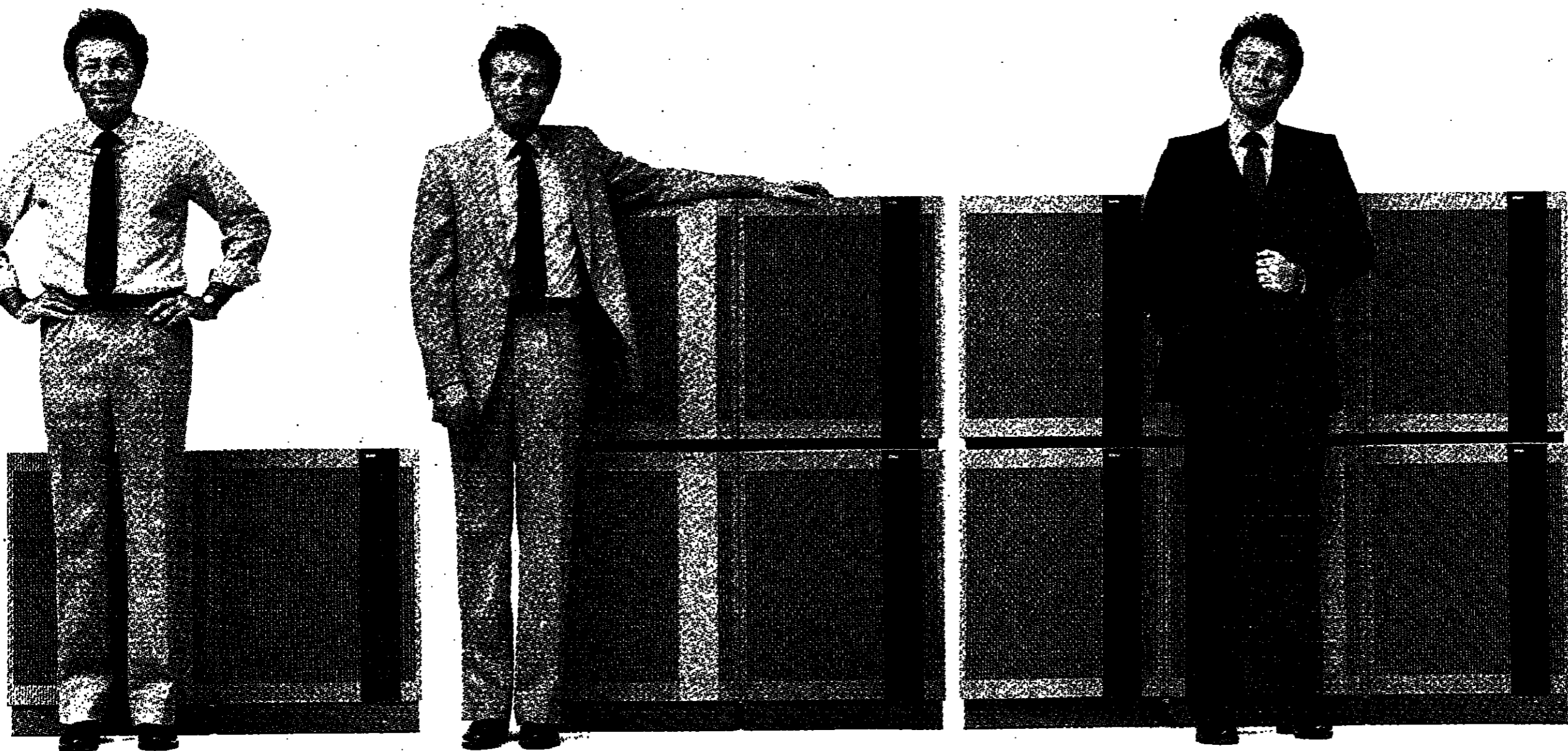
Advertisement for 'Write your own ticket' with Jet Aviation, offering flight services and contact details.

We designed the 9800 to grow the way your business grows.

Most businesses don't grow by leaps and bounds. They grow gradually. But if you need to add to your mainframe gradually, to keep up with your business, you're in trouble. You may have to spend a lot more money than you want, buying a lot more computer than you need. Well, NCR is changing that. If you have an NCR 9800, you can expand your system in smaller slices than with any conventional mainframe. And you can custom-fit the 9800 with job-specific modules. Which means, it doesn't matter if you do more on-line transaction processing, or more batch processing, the 9800 does both more efficiently than other systems. And that can save huge amounts of money. So, if you're a growing company, the 9800 can help keep you growing. Why are we telling you all this? We want to keep growing, too. For more information, contact your local NCR representative.

NCR 9800. The evolution of the mainframe.

NCR



Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Table of stock prices for various companies including IBM, AT&T, and others.

(Continued)

Table of stock prices for various companies including General Electric, Ford, and others.

(Continued)

Table of stock prices for various companies including American Express, Coca-Cola, and others.

Table of stock prices for various companies including American Airlines, Boeing, and others.

(Continued)

Table of stock prices for various companies including McDonald's, Nike, and others.

(Continued)

Table of stock prices for various companies including Johnson & Johnson, Pfizer, and others.

(Continued)

Table of stock prices for various companies including Amgen, Biogen, and others.

Table of stock prices for various companies including United Technologies, Raytheon, and others.

(Continued)

Table of stock prices for various companies including Lockheed Martin, Boeing, and others.

(Continued)

Table of stock prices for various companies including Boeing, Lockheed Martin, and others.

(Continued)

Table of stock prices for various companies including Boeing, Lockheed Martin, and others.

U.S. Futures

Via The Associated Press

May 19

Season High Season Low Open High Low Close Chg.

Grains

Table of grain futures prices including Wheat, Corn, Soybeans, and others.

Livestock

Table of livestock futures prices including Cattle, Hogs, and others.

Currency Options

May 19

Philadelphia Exchange

Table of currency options prices for various currencies.

Food

Season High Season Low Open High Low Close Chg.

Table of food futures prices including Coffee, Sugar, and others.

Metals

Season High Season Low Open High Low Close Chg.

Table of metal futures prices including Copper, Aluminum, and others.

Financial

May 19

U.S. Treasury Bonds

Table of financial futures prices including Treasury Bonds and others.

Stock Indexes

Season High Season Low Open High Low Close Chg.

Table of stock index prices including S&P 500, Dow Jones, and others.

Commodity Indexes

Moody's

Table of commodity index prices including various commodity baskets.

Dividends

Company

Table of dividend payments for various companies.

London Metals

May 19

Aluminum

Table of London metal prices including Aluminum, Copper, and others.

DM Futures Options

W. German Mark-25000 marks per mark

Table of DM futures options prices.

Libya's Oil Production Rises, Newsletter Says

NICOSIA—Libya has boosted its oil output to 1.1 million barrels a day this month, close to levels prevailing late last year, the Middle East Economic Survey said Monday.

Oil Prices Hit \$17 As Rally Continues

NEW YORK—Oil futures prices rose by a dollar a barrel to break the \$17 level on Monday, continuing a rally that has pushed prices up nearly \$4 a barrel in less than three weeks.

Company Results

Table of company financial results including revenue and earnings.

Oil-Rig Activity in U.S. Drops to a 43-Year Low

HOUSTON—The decline in U.S. oil drilling accelerated as the number of rotary rigs operating in the week ended Monday fell 52 from the previous week, to 757, Hughes Tool Co. said Monday.

Saudi Oil Output Slips, Recovers

MANAMA, Bahrain—Saudi Arabia's oil output slipped in the first half of May to below 4 million barrels per day, but was rising in the second half of the month, oil industry sources in the Gulf said Monday.

London Commodities

May 19

Singapore Gold Futures

Table of London commodity prices including Gold, Silver, and others.

Cash Prices

May 19

Commodity and Unit

Table of cash prices for various commodities.

Dividends

Company

Table of dividend payments for various companies.

S&P 100 Index Options

May 19

Strike Price

Table of S&P 100 index options prices.

DM Futures Options

W. German Mark-25000 marks per mark

Table of DM futures options prices.

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U.S. Treasuries

May 19

Discount

Table of U.S. Treasury bond prices.

DM Futures Options

W. German Mark-25000 marks per mark

Table of DM futures options prices.

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

BUSINESS ROUNDUP

Union Calls Halt to Strike at TWA

NEW YORK — The union of World Airlines' striking attendants said Monday that it asked the strikers to return to work immediately and without conditions.

The Independent Federation of TWA Attendants said it wanted to end the economic effects of a week-long strike on its members and to prevent TWA from hiring new workers with low wages.

A TWA spokeswoman in New York said most jobs already filled through the hiring process had been filled since the strike began. The spokeswoman, Sally Hweath, estimated that only 200 jobs remained open.

The flight attendants union said its members over the week-end returned to work. A president of the union, Vicki Kovich, said international union and "lawful economic" rather than withholding of services would continue until a contract was reached.

The union said that if TWA did not take the strikers back, "our will go beyond the picket line." The union also said it would immediately because of the decline against the year.

lines" and would "make more aggressive use of consumer, labor, political and community allies."

About 6,500 flight attendants went on strike March 7 in a dispute over wage cuts and work conditions.

Union members are to vote Wednesday on the company's latest proposal. The TWA spokeswoman said that in addition to the new hires, about 1,300 flight attendants had crossed the picket line during the strike. The union maintains that 82 percent of the strikers have remained on the picket line.

Hong Kong Property Market Expected to Be Slower in '86

HONG KONG — The Hong Kong property market is entering a period of consolidation after a year of buoyant demand in 1985, according to an economic report released Monday by Hongkong & Shanghai Banking Corp.

The report said, however, that underlying demand remains steady, especially for small and medium-sized apartments, despite signs of a general leveling of prices. Residential mortgage loans by banks and deposit-taking companies increased by 1.6 billion Hong Kong dollars (\$204 million) during the first quarter of this year, the report added.

New employment conditions, accepted by the new employees and the strikers who returned to work, allow TWA to operate with 5,000 attendants, a reduction of 1,500, the spokeswoman said.

Many of the new flight attendants were drawn from an attendants' training school operated by TWA and others came from other jobs in the company, she said. TWA last month reported a \$169.6-million loss for the first quarter because of the strike, pre-cutting and a reduction in overseas travel prompted by incidents of terrorism.

The company said the U.S. business environment continues to be difficult, forcing continued efforts to curb spending and hiring. New domestic orders rose only slightly, to \$899 million from \$894 million. International sales, however, jumped 12 percent, to \$825 million from \$736 million.

For the first half, Hewlett said its earnings slipped 3.7 percent, to \$236 million, or 92 cents a share, from \$245 million, or 96 cents a share. Revenue was up 5.3 percent, to \$3.37 billion from \$3.2 billion in the 1985 first half, while new orders rose to \$3.43 billion from \$3.32 billion.

It said the market's short-term performance will depend largely on a recovery in external trade. But, it noted, about 16.7 million square feet (1.55 million square meters) of factory space is scheduled to be completed in 1986 and 1987, more than the total for the past three years.

COMPANY NOTES

British Foods PLC said pretax profit 5 percent to £163.5 million (\$247.9 million) in a year ended March 29. Profit was £132.3 million in previous financial year. Sales for 1985-86 were £1.1 billion, up from £1.03 billion.

McGraw-Hill Inc. said it and China's Xinhua news agency had formed a joint venture to print a business directory of U.S. service and manufacturing companies in Chinese, for distribution in China.

Nippon Telegraph & Telephone Corp. signed a contract to buy \$250 million worth of digital telephone switching systems from Northern Telecom Inc. of the United States.

Occidental Petroleum Corp. said it was making further reductions in its 1986 capital spending budget and eliminating 2,000 jobs. Capital spending in 1986 is now expected to be \$950 million, down an additional \$150 million from the capital cuts announced in March and down 35 percent from Occidental's original budget of \$1.5 billion.

Residential mortgage loans by banks and deposit-taking companies increased by 1.6 billion Hong Kong dollars (\$204 million) during the first quarter of this year, the report added.

Konishiroka Photo Industry Co. of Japan said it would tender \$1.625 per share for the 40-percent interest in Fotomat Corp. it does not already own.

United Mizralim Bank's managing director, Aharon Meir, resigned at the recommendation of a state commission that investigated a 1983 bank shares crash. He was the third head of an Israeli commercial bank to accept the panel's demand that six Israeli banking officials step down.

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Hewlett Profit Down Slightly In 2d Quarter

PALO ALTO, California — Hewlett-Packard Co. said Monday that its profit fell 1.5 percent in the second quarter, to \$127 million from \$129 million. Sales, however, rose 6 percent in the three months ended April 30, to \$1.77 billion, from \$1.67 billion in the 1985 quarter. Earnings per share came to 49 cents compared with 51 cents in the year-earlier period.

The company said the U.S. business environment continues to be difficult, forcing continued efforts to curb spending and hiring. New domestic orders rose only slightly, to \$899 million from \$894 million. International sales, however, jumped 12 percent, to \$825 million from \$736 million.

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Revenue was up 5.3 percent, to \$3.37 billion from \$3.2 billion in the 1985 first half, while new orders rose to \$3.43 billion from \$3.32 billion.

Farmers Seek to Clean Up U.S. Grain-Export Act

By Ward Sinclair Washington Post Service WASHINGTON — Millions of tons of American grain, often billed by U.S. farmers as the best that money can buy, routinely goes to export markets laden with chaff, dirt, broken kernels and other junk — all perfectly legal under federal inspection standards.

But now, falling export sales and complaints by foreign buyers about the quality of U.S. grain have touched off intense debate in agricultural circles and provoked calls for tightening the standards. The issue is not whether the standards are being met. In most cases they are, according to the Federal Grain Inspection Service. Rather, the debate is over the adequacy of the standards and whether they are hindering farm exports, which this year are expected to drop to \$28 billion, the lowest since 1981, when exports hit a high of \$44 billion.

"We are not price-competitive, but another factor is the quality image," said Tom Mick, an official of U.S. Wheat Associates, a farmer-sponsored export promotion group. "We fall a little bit short on cleanliness."

Jim Gunn, a quality specialist with the American Soybean Association, said: "It is a very important issue in the long run to help us retain the markets we have and to have the chance to expand."

The U.S. standards, which have changed little since 1917, allow specified amounts of moisture, unusable broken kernels and foreign material in export grain. Many say the rules have not kept up with changes in harvest, storage and shipping technology. Despite efforts by grain-exporting companies to delay changes in the standards, the Senate and House agriculture committees are considering bills to toughen the quality regulations.

"If we are going to gain a reputation as quality suppliers, we have to clean up our act," said Senator Mark Andrews, a North Dakota Republican who is holding Senate hearings that began last month. Mr. Andrews has introduced a bill that would bar the addition of dust, grain-related materials or no-grain materials to export commodities. He says he is considering criminal penalties for violators.

At the first hearing, farm groups urged Congress to act quickly to tighten the grain-inspection standards. "U.S. grain producers believe that U.S. wheat and other grains are dirtier than the grain exported by our competitors, and these producers want Congress to do something about it," said Dan McGuire, director of the Nebraska Wheat Board. Mr. McGuire and other witnesses told Mr. Andrews's subcommittee of the Senate Agriculture Committee that current standards are so lenient that export companies can make huge extra profits by mixing low-quality grain and foreign material into shipments that still meet official grade requirements. The North American Export Grain Association, whose 33 member companies account for more than 90 percent of U.S. exports, agreed that minor changes in the standards would benefit world buyers but argued that the quality issue has been "grossly exaggerated" as a factor in declining sales.

The president of the association, Myron R. Laserson, who is an official of Continental Grain Co., defended the industry by citing statistics showing wheat leaving export terminals in cleaner condition than when received from farmers.

Farmer representatives said they were ready to bear their share of any additional cost of sending cleaner grain overseas. "I believe a problem exists and that we need to tighten the standards," said Charles Ottem, a North Dakota farmer who is president of the National Barley Council. He said poor quality was a major reason for a decline in barley exports from 100 million bushels in 1983 to 18 million this year.

ECU MULTIPLACEMENT

S.I.C.A.V. LUXEMBOURG Créée à l'initiative de la BANQUE FRANÇAISE DE L'AGRICULTURE ET DU CRÉDIT MUTUEL, ECU MULTIPLACEMENT Société d'investissement à Capital Variable, à son siège à LUXEMBOURG. Son capital initial de 120.000.000 francs français (17 millions d'Écu environ) a été souscrit, aux côtés de la B.F.A.C.M., par plusieurs Caisses Mutuelles proches de cette dernière et des investisseurs institutionnels français, ainsi que par des organismes financiers internationaux pour près de la moitié.

ECU MULTIPLACEMENT se propose comme objectif prioritaire de procurer aux actionnaires une valorisation aussi élevée que possible de leurs placements grâce à des investissements en titres à revenu fixe libellés pour au moins 90% en ECU ou en devises entrant dans la composition de l'ECU. La part restante pourra être investie dans d'autres devises telles que le dollar américain ou le Yen.

- Le Conseil d'Administration est composé de la façon suivante:
• Monsieur Raymond AXELROUD, Conseiller Financier à la B.F.A.C.M., Président.
• Monsieur Alain BOSTAND, Président de la B.F.A.C.M., Vice-Président.
• Monsieur Arnaud de MARCELLUS, Directeur Général de la B.F.A.C.M.
• Monsieur Jean PIERSON, Directeur Délégué à la BANQUE PARIBAS LUXEMBOURG.
• Monsieur Walid HRAYSSI, Général Consultant du Groupe CEFDOR.
• La Caisse Fédérale de Crédit Mutuel Agricole du Centre, à CHATEAUDUN.
• La Caisse Centrale de Crédit Mutuel Artois Picardie, à ARRAS.
• La Caisse Centrale de Crédit Mutuel du Nord, à LILLE.
• La Caisse Fédérale de Crédit Mutuel de Loire-Atlantique et du Centre-Ouest, à NANTES.
• La Banque Fédérative du Crédit Mutuel, à STRASBOURG.
• La Garantie Mutuelle des Fonctionnaires, à PARIS.

- Le Collège des Censeurs comprend:
• La Caisse Fédérale du Crédit Mutuel Maine-Anjou et Basse-Normandie, à LAVAL.
• La Banque du Bâtiment et des Travaux Publics, à PARIS.
Valeur initiale de l'action: 1.000 Ecus.
Cotation à Luxembourg:
Lieux de Souscription:
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• Caisses Mutuelles et Banques Actionnaires.
• BANQUE PARIBAS LUXEMBOURG - 10A, boulevard Royal - LUXEMBOURG.

- Direction:
• Directeur Général: Monsieur Arnaud de MARCELLUS
• Directeur: Monsieur Claude BLANCHET
• Secrétaire Général: Monsieur Jean PIERSON.

NOTICE OF REDEMPTION

The City of Winnipeg

U.S. \$50,000,000 15 1/4% Debentures due June 30, 1988 Series UU

NOTICE IS HEREBY GIVEN that The City of Winnipeg intends to redeem all of its outstanding 15 1/4% Debentures due 1988 (the "Debentures") on June 30, 1988 (the "Redemption Date") at the redemption price of 101% of their principal amount (the "Redemption Price"). On June 30, 1988 the Redemption Price will become due and payable upon all Debentures. After the Redemption Date interest on the Debentures will cease to accrue. Coupons due June 30, 1988 or prior thereto should be detached and presented for payment in the usual manner.

The Redemption Price on the Debentures shall be payable upon presentation and surrender thereof with all unremitted coupons at any one of the following agencies:

- THE ROYAL BANK AND TRUST COMPANY 88 William Street New York, N.Y. 10005 (Principal Paying Agent)
THE ROYAL BANK OF CANADA 6 Lothbury London EC2R 7JY
DEUTSCHE BANK AKTIENGESELLSCHAFT 1074 Grosse Gallusstrasse D-6000 Frankfurt am Main
SWISS BANK CORPORATION Anschersriedstr. 1 CH-40002, Basle
BANQUE GENERALE DU LUXEMBOURG 27 Avenue Montebary Luxembourg

THE ROYAL BANK OF CANADA (FRANCE) S.A. 3 Rue Scribe 75009 Paris

Debentures should be surrendered with all coupons appertaining thereto maturing after the Redemption Date, failing which the face value of any missing unremitted coupon will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the missing coupon within a period of 6 years from June 30, 1986.

Dated: May 20, 1986 THE CITY OF WINNIPEG

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Monday's AMEX Closing

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 Week High, Low, Open, Close, Change. Lists various stocks and their performance.

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1. Jonathan Pryce as Sam in the film 'Brazil'.



2. Yves Saint-Laurent evening gown.

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Subscription form for International Herald Tribune. Includes fields for name, address, city/country, and subscription options (12, 6, or 3 months).

Silver Falls Below \$5, Marking a 4-Year Low. LONDON — London silver prices closed below \$5 an ounce on Monday for the first time in four years after a spate of selling orders in New York finished said.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 16 MAY 1986. Large table listing various international funds with columns for fund name, price, and change.

The Global Newspaper. Advertisement for the newspaper with a globe graphic.

Handwritten signature or mark at the bottom of the page.

THE EUROMARKETS

Meeting, Holiday Cut Trading to Minimum

LONDON — Most sectors ended the Monday after a quiet day, dealers said. Some were affected by the fact many dealers have left for the annual meeting of the Association of International Dealers, while a Monday lay in most of Continental Europe added to the subdued nature of the market.

3 U.S. Firms Get Sterling CP Role

LONDON — The Bank of England authorized three U.S. firms, Morgan Guaranty Ltd., Morgan Stanley International and Salomon Brothers International, to participate in the new sterling commercial paper market due to open Tuesday, banking sources said Monday.

The central bank had said that management of, or dealing in, issues in the market would initially be restricted to banks and licensed deposit takers incorporated in Britain.

But it also said that other institutions could consult with it about participating.

Separately Monday, General Motors Acceptance Corp., the financing arm of General Motors Corp., said it would launch on June 24 a Euro-commercial paper program for an unspecified amount to complement its existing program in the United States.

STORE: Knell Sounds for Gimbel

(Continued from first finance page) might later also acquire the Gimbel store on Mellon Square in downtown Pittsburgh. The purchase was for an undisclosed amount of cash, according to a spokesman for May.

The three suburban stores will be remodelled for a reopening as Kaufmann's stores in 1987. At that time, three Kaufmann's stores in the same areas will be closed and the 680 employees transferred to the former Gimbel stores, May said.

In Milwaukee, four of the Gimbel stores, including the flagship on Grand Avenue, will be taken over by Marshall Field & Co., Chicago, a Batus division that is being retained.

Batus announced Jan. 13 that it would divest itself of the Gimbel stores — along with Kohl's, Frederick & Nelson, in Seattle, and Crescent in Spokane, Washington — because they lacked sufficient growth potential.

The company said it would retain Saks Fifth Avenue, Marshall Field, the Fifth chain in the South, the Bremer furniture chain in California and the New York-based Thimbles' apparel chain.

In a statement on Friday, Henry Frigon, president and chief executive of Batus, said: "Batus has used

CURRENCY MARKETS

Dollar Retreats to End Lower in U.S.

Compiled by Our Staff From Dispatches

NEW YORK — The dollar retreated from earlier highs Monday to finish lower against most currencies in this U.S. trading. Dealers attributed the pullback to profit-taking in advance of Tuesday's scheduled release of U.S. gross national product data.

Dealers said trading was thin, with most markets in Europe and Canada closed for holidays. Much of the U.S. volume was on the international Monetary Market currency futures exchange in Chicago.

The dollar's rise began in Tokyo overnight, where it rose to 167.30 yen from Friday's 164.20 with the aid of \$100 million in purchases by the Bank of Japan. In later trading in London, the U.S. currency closed at 168.08 yen, down from its Friday close of 165.45.

By the New York close, the dollar had slipped to 166.80 yen, still up slightly from Friday's 166.75.

The dollar also was higher against European currencies overnight and in New York trading. It traded as high as 2.23 Deutsche

pound also was stronger, rising to \$1.5335 from \$1.5116 on Friday, while the Swiss franc rose to 1.8415 from 1.8510 on Friday.

Daniel Holland, vice president at Discount Corp. of New York, attributed the retreat to profit-taking ahead of Tuesday's GNP report, which is expected to revise downward forecasts for first-quarter growth.

"Lots of participants, in the euphoria after last Thursday's \$6.1-billion rise in money supply, believe the dollar has hit bottom and is in the initial stages of a turnaround," said James Pugh of Manufacturers Hanover Trust.

But he said, "In my own view, fundamentals haven't changed and the market still has a bent to push the dollar lower despite the firmer interest rates."

The dollar closed in London at 2.2255 DM compared with Friday's close of 2.2103 there.

In London, dealers said trading in sterling was very quiet. It slipped to \$1.5180 from Friday's close of \$1.5247, reflecting the dollar's overnight rise. (UPI, Reuters, IHT)

London Dollar Rates

Table with columns: Currency, Mon, Fri, and values for various currencies like Deutsche mark, French franc, Japanese yen, Swiss franc, and British pound.

Yields on Treasury Bills Rebound Sharply in U.S.

WASHINGTON — Yields on short-term U.S. Treasury bills rebounded sharply at Monday's weekly auction.

The Treasury sold \$7 billion in three-month bills at an average discount rate of 6.22 percent, up from 6.07 percent last week, and \$7.025 billion in six-month bills at 6.18 percent, up from 6.10 percent.

Soviet Ships Begin Gulf Route

DUBAI, United Arab Emirates — The Soviet Black Sea shipping line has begun the first regular containerized service between the Soviet Union and the Gulf, shipping officials said Monday.

Monday's OTC Prices. NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Table of OTC prices for various stocks including ADC, AIG, ALC, etc.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld., 1985 High, Low, 3 P.M. Close, Net Change.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld., 1985 High, Low, 3 P.M. Close, Net Change.

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Table of floating rate notes with columns: Maturity, Coupon, Bid, Ask, and various note identifiers.

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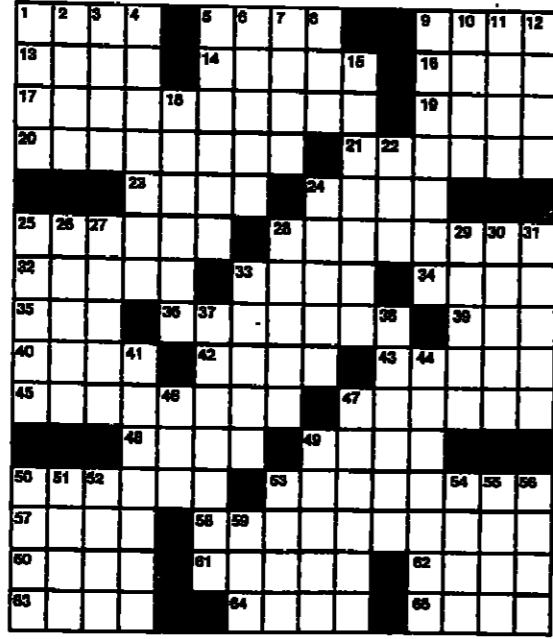
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WHAT'S HAPPENING ON THE LONDON STAGE. SHEDDEN MORELY. THE HITS AND MISSES SECTION.



ACROSS
1 Jack the quipper
5 "Where's the...?"
9 Maroon's man
13 Salt tree
14 Kovacs or Pyle
16 Poet translated by FitzGerald
17 What some maids have?
19 Rani's tribe
20 Trips to equal or surpass
21 Took a sip
23 Certain annex
24 Honor at a party
25 Spoil; botch
28 Top Warsaw athlete?
32 Expunge
33 Find a buyer
34 qua non
35 Artes
36 Blabs
38 Application
40 March 15, e.g.
42 Mouse, to a skunk
43 Farnels
45 Goli's source of news?
47 Moliere play



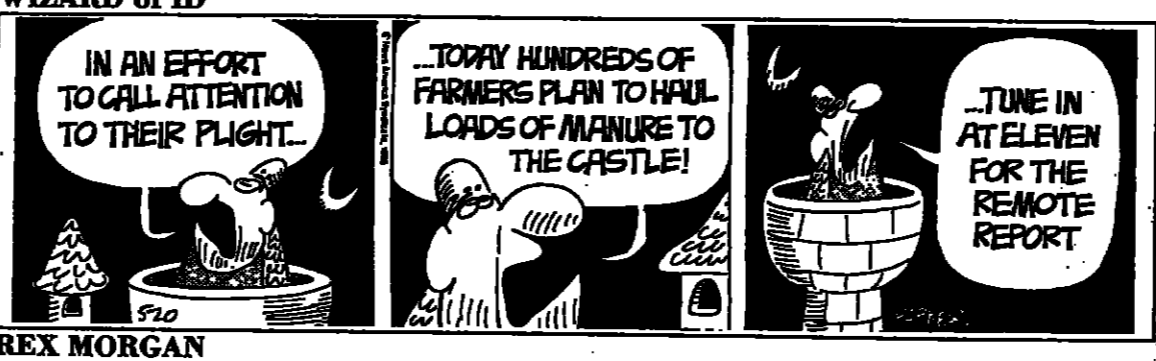
"DO YOU HAVE ANY MUSICAL SHOES? THE KIND THAT SQUEAK WHEN YA WALK?"

JUMBLE THAT SCRAMBLED WORD GAME
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
DONEM
CAPIN
FLATUR
LUFUES

Answers (tomorrow)
Jumble: BANAL, ADAGE, ENOUGH, ALIGHT
Answer: She accepted his proposal because he was this type of a guy—AN "ENGAGING" ONE

WEATHER
EUROPE HIGH LOW ASIA HIGH LOW
Africa HIGH LOW
Latin America HIGH LOW
North America HIGH LOW
Middle East HIGH LOW
Oceania HIGH LOW

TUESDAY'S FORECAST - CHANNEL: Choppy, FRANKFURT: Showers, CLAUDY: Thunder, NEW YORK: Cloudy, TEMPE: Partly cloudy, PARIS: Cloudy and Showers, YAMAHA: Partly cloudy, BANGKOK: Thunderstorm, HONG KONG: Showers, SINGAPORE: Partly cloudy, MANILA: Thunderstorm, SYDNEY: Partly cloudy, TOKYO: Showers



World Stock Markets
Via Agence France-Press May 19
Closing prices in local currencies unless otherwise indicated.
Includes sections for Hong Kong, London, and Milan.

BOOKS

HITLER'S GAMES: The 1936 Olympics
By Duff Hart-Davis. 256 pages. \$16.95.
Harper & Row Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley
PICTURES from the 1936 Olympics are vivid in the 20th-century memory: crowds filling the stadium in Berlin, Hitler basking in the adulation of the mob, Leni Riefenstahl focusing her cameras on the athletes, Jesse Owens blazing to four gold medals. What is less widely known and understood is that the 1936 Olympics never should have been played, at least not in Germany, and that when they were they became a powerful instrument for Hitler and Nazism. This is what Duff Hart-Davis tells us in "Hitler's Games," a most useful and instructive book.

The games should not have been played in Berlin for the simple reason that the world was well aware by 1936 of stories about "the horrors that Hitler had set in train in his lunatic attempt to purify the Aryan race." As Hart-Davis repeatedly emphasizes, "it was impossible for the people planning the 1936 Olympics at international level to be unaware of them, unless they deliberately chose not to read them." What seems more likely, as Hart-Davis amply demonstrates, is that these atrocities were ignored or whitewashed by the Olympic administrators, so eager were they to have the games run on schedule and so impressed were they by the spri-and-polish orderliness of Germany under the Nazis.

The scheduling of the games in Berlin had been approved before Hitler came to power, but he quickly saw them as a way to legitimize his regime at home and abroad. As the U.S. consul in Berlin put it in a letter to the secretary of state, "To the [Nazi] Party and to the youth of Germany, the holding of the Olympic Games in Berlin in 1936 has become the symbol of the conquest of the world by National Socialist doctrine. Should the Games not be held in Berlin, it would be one of the most serious blows which National Socialist prestige could suffer."

The result was that "for the first time in their history, the Olympic Games were deliberately exploited to make political capital" — a precedent from which the games have never recovered. Protests against Nazi decrees prohibiting German Jews from participating were defused by the invitation to two exiled Jewish women athletes to return and compete for the German team. Berlin was dressed to the nines with finery — much of it having a decidedly martial character — designed to impress a world eager to believe that Hitler's Germany was "a perfectly normal place."

The result was a "triumph of bluff and propaganda," with incalculable consequences: "That the success of the eleventh Olympiad gave Hitler an enormous boost, both moral and political, nobody could deny. The world came to Berlin, and, with the exception of a few cynics, the world was overwhelmed with admiration for what it had seen." Not merely had Hitler gained the respect of the world, he had managed to disguise his campaign against the Jews with what became known as "the Olympic Pause," in which restrictions on Jews were briefly eased so as to court world opinion. Yet at Concentration Camp of District 208 — less than an hour's drive from Olympic stadium — inmates were imprisoned in "stone coffins," an "upright cell, just big enough for a man to stand in, but too narrow to allow even a slight bending of the knees."

Jonathan Yardley is on the staff of The Washington Post.

CHESS

By Robert Byrne
WHAT happens when the well-informed meets the uninformed? In the game between the former world champion Mikhail Tal and the New York international master John Fedorowicz, it was played in the 12th round of the Reykjavik International Tournament in Iceland.

Fedorowicz defiantly challenged his famous opponent with the aggressive Dragon Variation of the Sicilian Defense — . . . P-KN3, Tal, who has just about everything known to man in his repertoire, chose the old, classical attack with 6 P-B4, 8 B-K2 and 9 B-K3.

Against this setup, the Tartakover maneuver with 10. . . Q-N2, B1 is considered best in its clearing Q1 for a possible shift of the KR and aiming for simplification with . . . B-N5. However, Fedorowicz knew that in the Huebner-Miles game from last autumn in Tilburg, White had obtained the upper hand after 11 B-B3!; B-N5; 12 N-Q5!; BxB; 13 QxB; NcN; 14 P-Q2.

Chess board diagram showing the position after 14 moves. Includes a list of moves and a table of statistics.

Chess statistics table with columns for White, Black, and Draw percentages.

The Daily Source for International Investors.
Herald Tribune logo and text.

Small text at the bottom of the advertisement.

SPORTS

Montreal Winner in Overtime

Compiled by Our Staff From Dispatches
CALGARY, Alberta — Rookie Skrudland's goal nine seconds into overtime ended the short extra period in National Hockey League playoff history Sunday as the Montreal Canadiens lifted the Montreal Canadiens

STANLEY CUP FINALS

3-2 victory over the Calgary Flames, tying the best-of-seven championship series at one game apiece.

Never in my life have I scored a goal," Skrudland said of his playoff tally. "Mike McPhee is a beautiful fake and laid a perfect pass on my stick. I just had to direct it."

In the overtime period, Skrudland won the opening face-off; he carried the puck down the side over the Calgary blue line, faked a shot from the circle, a Calgary defenseman Al MacIsaac fell to the ice, McPhee deflected the puck to Skrudland, who hit into the open right side of the net past rookie goaltender Mike Vernon.

Perron, Jean, tried to get away pumped up," he said of Montreal's rookie coach. "He read us that we had done it."

On May 2-1, the Canadiens tied the score at 3:30 of the third period by scoring the first NHL goal by Dave Nilsson, signed out of the University of Minnesota late in the Cup semifinal.

Montreal outshot Calgary by 14-11 in the first period, 12-9 in the second and 10-11 in the third. Montreal's right wing, Chris Nilsson, crossed the bar with a 50-foot shot with 1:40 remaining in regulation and hit the right post.

At 9:06 of the first period, the Flames took a 1-0 lead as John Tonelli beat goalie Patrick Roy with a low slapshot.

Montreal was short-handed two men for 1:35 of the opening period with two of its best penalty killers, Guy Carbonneau and Skrudland, off the ice with minor penalties.



Joel Otto sent Gaston Gingras flying in Sunday's early going, but Gingras scored unassisted at 3:30 of the second period to start a Montreal comeback that was completed in overtime.

The Flames took a two-goal lead when Paul Reinhart scored on a power play 15 seconds into the second period.

At 3:30 Gaston Gingras scored an unassisted goal for Montreal with a low wrist shot from the left face-off circle that whizzed past Vernon, who had been knocked down in the crease by Nilsson.

Although several playoff overtime games have ended within one minute, the shortest previous playoff overtime occurred on April 11, 1975, when J.P. Parise of the New York Islanders snuffed the New York Rangers 11 seconds into the extra session at Madison Square Garden, deciding the best-of-three preliminary series.

"Yeah, I've heard that name," Skrudland said of Parise. "Didn't he have his name on a Stanley Cup?"

The United States won two silver medals and two silver cups in the only other countries to win golds were South Korea and the Soviet Union, with one each. Surprisingly, East Germany was shut out of the gold.

Pablo Romero wrapped up Cuba's victories with a 4-1 decision over U.S. captain Loren Ross in the 178-pound (81-kilogram) final. In his best performance of the tournament, Romero pounded Ross with both hands in the first round and then moved to the head for the rest of the fight.

Puerto Rican Luis Rolon disagreed strongly with the decision giving Cuban Juan Torres a 5-0 decision in the 106-pound final. When Torres's hand was raised, Rolon spoke angrily to Torres and shoved him; Torres shoved back. The referee stepped in and stopped what was shaping up as a round four.

Pedro Reyes of Cuba won a unanimous decision over Venezuelan David Griman at 112 pounds. He frustrated Griman throughout by repeatedly beating him to the punch with long, snapping jabs.

Angel Espinosa ended any hopes of the East Germans had for a gold by defeating Enrico Richter, 4-1, in the 156-pound final.

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Celtics Sweep; Lakers Pushed to Brink

Compiled by Our Staff From Dispatches

MILWAUKEE — Larry Bird, content to pass off until it counted, took control in the fourth quarter by scoring 17 of his 30 points to help the Boston Celtics sweep the Milwaukee Bucks here Sunday and gain their third straight appearance in the National Basketball Association finals with a 111-98 victory.

Meanwhile, Akeem Olatujwon scored 35 points to carry Houston past the Los Angeles Lakers and into a 3-1 lead in the Western Conference final, whose winner will face Boston for the league title.

Bird sparked a 10-point surge that put Boston in front early in the fourth quarter and then made four straight three-point field goals to seal the outcome.

"The back-breaker was Bird's first three-pointer," which gave the Celtics a 98-92 lead with 4:27 left in the game, said Boston coach K.C. Jones. "He was also on the boards, making lay-ups and giving assists. He's the one that really put us ahead."

Milwaukee became the first team in NBA history to be swept out of seven-game playoff series in consecutive years. Last season the Bucks were eliminated in four straight by Philadelphia.

Danny Ainge backed Bird with 25 points while Kevin McHale had 20 despite foul trouble.

NBA PLAYOFFS

Teammates Dennis Johnson and Robert Parish added 13 and 12 points, respectively. Sidney Moncrief, not expected to play because of a sore heel, gave Milwaukee a boost by starting and leading them with 27 points.

The Bucks have gone to the playoffs in each of Moncrief's seven seasons, and seven times they have been eliminated before gaining the championship series. "It's a frustrating situation," he said, "because we were so close yet so far away."

"The Celtics were able to play at a different level than we were throughout the series," said Milwaukee Coach Don Nelson. "Our biggest problem is that they didn't respect our outside game. Then, when we tried to drive inside, they had the advantage with their size."

"I'm not so sure that Boston just isn't on a different planet than us mere mortal teams," said Nelson, who formerly played for the Celtics.

Rockets 105, Lakers 95: In Houston, the Rockets moved to within one victory of eliminating the defending NBA champions, who are seeking their fifth straight conference title.

"I never thought we'd leave here down 3-1, but we are," said Pat Riley, the Laker coach.

"You have to deal with reality. Our path is very direct: We've got to win every game."

"We haven't been able to stop Akeem yet," Riley said, referring to Olatujwon, who accounted for one-third of Houston's scoring in the game. "Our effort was great. The point is to make the other team crack, and Houston isn't cracking."

Houston, which is 7-0 at home during the playoff, went ahead by 91-83 with just over eight minutes left in the game. Los Angeles pulled within four points on a field goal by Abdul-Jabbar with four minutes to go, but Ralph Sampson, on the bench for most of the second half because of foul trouble, came in to put Houston up by six.

Robert Reid had 23 points and McCray and Sampson each had 12 for the winners. James Worthy led the Lakers with 26, followed by Abdul-Jabbar with 24 and Ervin Johnson with 20.

In the third quarter, with Sampson and Abdul-Jabbar both sidelined with four fouls, the lead changed hands seven times until Mitchell Wiggins and Olatujwon hit jumpers to put the Rockets ahead, 78-75, with 1:20 left.

Said Olatujwon: "In the NBA, there is no luck. The better team has won. I don't think they can beat us three in a row." (UPI, AP)

Cuban Boxers Take 7 of 12 Gold Medals

United Press International

RENO, Nevada — Cuba completed its domination of the 1986 world amateur boxing championships here Sunday, finishing the tournament with four more gold medals for a total of seven of the 12 awarded.

The Cuban team also won two silver medals and two silver cups in the only other countries to win golds were South Korea and the Soviet Union, with one each. Surprisingly, East Germany was shut out of the gold.

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Angel Espinosa ended any hopes of the East Germans had for a gold by defeating Enrico Richter, 4-1, in the 156-pound final.

South Korean Moon Sung-Kil was the first boxer not from the United States or Cuba to take a gold. He defeated Rene Breitbarth of East Germany, 4-1. But it wasn't easy because, unlike most of the other boxers Moon faced, Breitbarth stood his ground against a swarming attack; the two were toe-to-toe, shugging it out for much

of the fight, and the world champion narrowly retained his title.

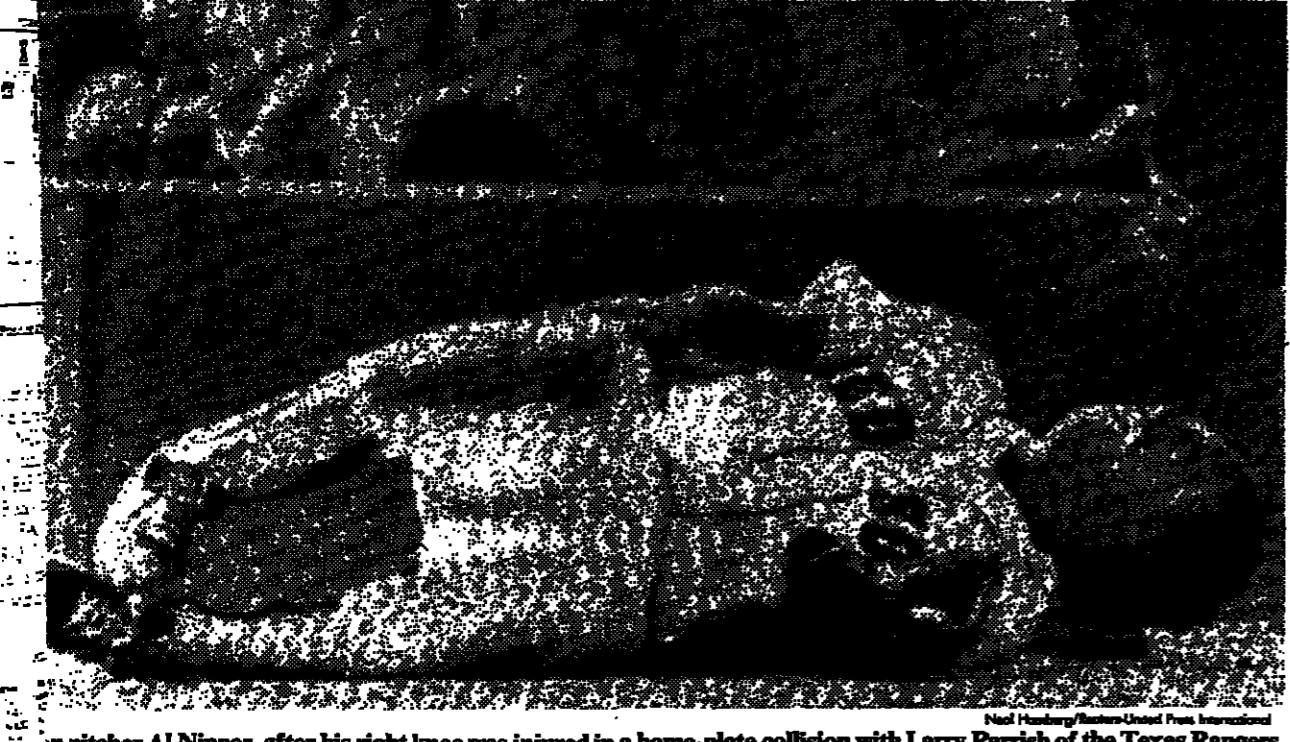
Vasili Shishov of the Soviet Union saved his team from a gold medal shutout with a 4-1 decision victory over Howard Grant of Canada in the 139-pound final. Five Soviet fighters were in the semifinals, but only Shishov advanced.

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Vasili Shishov, right, defeated Canadian Howard Grant for the Soviet Union's only gold.



A pitcher Al Nipper, after his right knee was injured in a home-pitch collision with Larry Parrish of the Texas Rangers.

Red Sox Win a Game but Lose a Pitcher

By Our Staff From Dispatches

BOSTON — The Boston Red Sox surprised American League fans in earned-run average, are to have their pitching depth in Sunday's 10-inning 3-4 over Texas, the Red Sox pitcher Al Nipper for six

BASEBALL ROUNDUP

attempted to score from second on a wild pitch. But Godman quickly retrieved and fired to Nipper, who bled in to cover home. Nipper's error allowed Steve Lyons and Marty Barrett to score in the 10th.

ament damage, but "it will be sometime in July before he'll be able to pitch a game again."

Nipper, 9-12 with the Red Sox last year, was 3-4 this season with a 3.68 ERA.

Texas, one game out of first place in the American League West, took leads into the bottom of both the ninth and 10th innings but could not hold either. The winning runs scored when right fielder George Wright's error allowed Steve Lyons and Marty Barrett to score in the 10th.

Yankees 11, Mariners 3: In New York, Bobby Mescham had three hits and drove in two runs, and Gary Roenicke hit a two-run home run as three Yankee designated hitters went 4-for-5 in a 16-hit attack that buried Seattle.

Orioles 13, A's 4: In Baltimore, Eddie Murray drove in seven runs, four on his 14th career grand-slam homer, as the Orioles won for the eighth time in nine games.

Blue Jays 10, Indians 2: In Toronto, Deraso Garcia drove in four runs with two singles and Ernie Whit hit a two-run home run as the Blue Jays extended Cleveland's losing streak to five games.

White Sox 5, Royals 1: In Chicago, Carlton Fisk's three-run homer capped a four-run third that led the White Sox to their fifth consecutive victory.

Twins 5, Brewers 3: In Milwaukee, Kirby Fukcek delivered a single and a two-run double to back the four-hit pitching of Bert Blyleven as Minnesota ended a seven-game losing streak.

Braves 5, Cardinals 2: In the National League, in Atlanta, Bob Horner hit two homers in a game for the 25th time in his career as the Braves sent St. Louis to their fifth straight loss.

Expos 8, Padres 3: In San Diego, Hubie Brooks hit a grand-slam home run that keyed a seven-run

first and powered Montreal to its 12th victory in 15 games.

Reds 7, Pirates 3: In Cincinnati, Dave Parker's three-run first inning homer helped Tom Browning (1-4) his first victory since last Sept. 28, when he became the first rookie to win 20 games in the major leagues in 31 years.

Mets 8, Dodgers 4: In Los Angeles, George Foster homered in his first two at-bats and Tim Lincecum added a two-run single to back Randy Niemann's first major-league victory since 1982.

Giants 4, Phillies 1: In San Francisco, Jeff Robinson pitched 3 1/3 innings of one-hit relief, and the Giants took advantage of five errors in downing Philadelphia.

Cubs 5, Astros 2: In Houston, Dave Lopes's two-run double capped a four-run second and reliever Gny Hoffman, pressed into service after an injury to Scott Sanderson, recorded his first victory since 1983. (AP, UPI)

SCOREBOARD

Baseball

Major League Individual Leaders

Table with columns: AMERICAN LEAGUE, G, AB, R, H, Pct. Lists leaders for various stats like batting average, home runs, RBIs, etc.

Sunday's Line Scores

Table with columns: AMERICAN LEAGUE, Team, W, L, Pct. Lists scores for various games.

NATIONAL LEAGUE

Table with columns: NATIONAL LEAGUE, Team, W, L, Pct. Lists scores for various games.

Auto Racing

Indy 500 Lineup

Table with columns: INDY 500 LINEUP, Driver, Car number, Team. Lists drivers and their teams for the Indy 500.

NATIONAL LEAGUE

Table with columns: NATIONAL LEAGUE, Team, W, L, Pct. Lists scores for various games.

Major League Standings

Table with columns: AMERICAN LEAGUE, Team, W, L, Pct., GB. Lists overall standings for American League teams.

Basketball

NBA Playoffs

Table with columns: CONFERENCE FINALS, Game, Winner, Score. Lists results of NBA playoff games.

NBA Playoff Schedule

Table with columns: CONFERENCE FINALS, Game, Winner, Score. Lists upcoming NBA playoff games.

Hockey

Stanley Cup Finals

Table with columns: Stanley Cup Finals, Game, Winner, Score. Lists results of Stanley Cup Finals games.

Stanley Cup Schedule

Table with columns: Stanley Cup Schedule, Game, Winner, Score. Lists upcoming Stanley Cup games.

Boxing

WORLD AMATEUR CHAMPIONSHIPS

Table with columns: WORLD AMATEUR CHAMPIONSHIPS, Finalists, Score. Lists results of world amateur boxing championships.

Golf

The Players and women in the Colonial National Invitation tournament, which ended Sunday on the 71st hole, saw 70 Colonial Country Club courses in Fort Worth, Texas take

Table with columns: THE PLAYERS AND WOMEN IN THE COLONIAL NATIONAL INVITATION TOURNAMENT, Player, Score. Lists results of the Colonial National Invitation tournament.

Tennis

WOMEN'S TOURNAMENT

Table with columns: WOMEN'S TOURNAMENT, Player, Score. Lists results of women's tennis tournament.

Albeck Edged by Bulls

United Press International

CHICAGO — The Chicago Bulls edged coach Stan Albeck Sunday, making him the third to be fired by the National Basketball Association team years.

Albeck's job had reportedly been jeopardized since the Bulls' third season at 30-52, made the playoffs, but swept by Boston in the first round.

Albeck played most of the season without standout guard Scottie Pippen, who had a broken ankle. Several other injuries and personal problems also plagued the team.

Albeck has coached seven seasons in the NBA with an overall record of 307-267. He began coaching in 1979; in 1980 he coached the Bulls for a three-year tenure with a record of 101-106.

Pohl Nips Stewart In Playoff to Win U.S. Golf Tourney

The Associated Press

FORT WORTH, Texas — Dan Pohl canned an eight-hole birdie putt on the first extra hole Sunday to win the Colonial National Invitation golf tournament.

Pohl closed with a 68 to tie Payne Stewart (a 66) at 205, five under par for an event cut to 54 holes by heavy rains.

On the extra hole, the par-3 16th, Stewart put a 3-iron in the rough beyond the green. Pohl's tee shot topped eight feet from the flag. Stewart deftly chipped to within 10 feet in distance, but Pohl smoothly rolled in his winner. "It's been so long coming," said the nine-year nowinner on the PGA tour. "I've knocked on the door so often..."

Stewart's Texas frustrations continue. He lost in playoffs here in 1984 and in last year's Byron Nelson Classic. "I did it again," he said. "Texas owes me at least one."

Graf Upsets Navratilova

The Associated Press

BERLIN — Steffi Graf of West Germany upset top-seeded Martina Navratilova 6-2, 6-3 to win the West German Open women's tennis tournament Monday.

Graf, the No. 2 seed, completely dominated in dispatching the world's top-ranked player in 64 minutes. "I played my best tennis today," said Graf after winning her fourth consecutive tournament. "But Martina is still the best player in the world."

Graf, 16 and rated third in the world, has had a remarkable year so far. She defeated both Hana Mandlikova of Czechoslovakia and American Chris Evert-Lloyd to win a tournament in Hilton Head, South Carolina. She was victorious at Amelia Island, Florida, where she outplayed compatriot Claudia Kohde-Kilsch, and at Indianapolis, where she beat Gabriela Sabatini of Argentina in the final.

Major League Standings

Table with columns: AMERICAN LEAGUE, Team, W, L, Pct., GB. Lists overall standings for American League teams.

NATIONAL LEAGUE

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ART BUCHWALD

Pssst, Keep Lid on Sshhh

WASHINGTON — Two of the most important positions in the administration are the president's "Keeper of the Secrets" and the "Chief Leaker of Information."



Buchwald

Sshhh, as the "Keeper of Secrets" is called, becomes livid when a government secret appears in print and wants to send everyone to jail.

Sshhh was burning. "Did it ever occur to you that the Libyans do not watch American TV, but they do read The Washington Post and The New York Times?"

I said, "Ninety percent of all the confidential news concerning the government is leaked by this administration, and the other 10 by the opposition."

Hidden Rooms Found In Pyramid of Cheops

CAIRO — French and Egyptian archaeologists have discovered several hidden chambers in the largest of the three Great Pyramids at Giza, the chairman of Egypt's Antiquities Department said.

now or has ever been the source of leaks," Sshhh said.

I confronted him. "Have you ever heard of a White House employee named Pssst?"

Sshhh went red. "The name doesn't ring a bell."

"Would it surprise you to know that Pssst has been leaking an average of 10 stories a day, with the approval of the president's team?"

"You're making it up."

"For heaven's sake, man, who do you think has been putting out all the stuff about Deaver?"

"Correction — he was one of you. Except for the president and Nancy, everyone in the White House seems to want Mike to twist slowly in the wind."

Sshhh said, "I can understand our doing that to Stockman, but not to Deaver."

"Nevertheless, you want to send us all to jail for stuff that Pssst leaked to make the Reagan administration look good. If you keep putting on pressure, we won't accept any leaks from your side."

Sshhh turned his back on me and I walked over to the cloakroom. I saw Pssst standing by the door handing out secrets. I said, "I've just been talking to Sshhh, and he told me he wants to put all of us in jail for using your leaks."

Pssst guffawed. "He's just saying that to scare you. The only time the Justice Department will prosecute is when you print a leak that wasn't leaked by us. I have just as much authority around the White House as Sshhh — some days even more."

"In describing your work, is it O.K. to say your major tasks are to hand out classified material, deal in disinformation and send up trial balloons?"

"There's a bit of that involved," Pssst said, "though sometimes I'll leak a story to hurt someone politically as well."

"Will you be walking the streets if the administration puts the lid on all secrets?"

More guffaws. "Whoever heard of a government without leakers?"

While we were talking, Sshhh went by and angrily put his finger over his lips. Pssst laughed and, as a joke, handed him George Bush's schedule for the following day.

Bo Widerberg

'All My Films Are Political,' Says Swedish Director, Whose Next Movie Plumbs Despair of Tenant Farmers

By Jeanne Rudbeck

STOCKHOLM — Bo Widerberg makes Swedish movies in which everyone keeps his clothes on — even in love scenes.

Indeed, Widerberg's films have sometimes been criticized for being too beautiful. But it is hard to imagine where he will find the beauty in "Ormens vag" (The Way of a Serpent Upon a Rock), which he has just finished shooting.

Widerberg, 56, is a tall, slender man. He tends to fidget with whatever is at hand. A far cry from the dour Swede of cliché, he loves to talk.

"Ormens vag" affected me the same way as "Long Day's Journey Into Night." Widerberg saw O'Neill's play when he was a teenager in Malmo. It changed his life, he said. "It was a catharsis. I felt cleansed." He liked "Ormens vag" because, like the O'Neill play, it dealt with a living hell. "I don't care for art where everything is tied up neatly into a happy ending."

No one would accuse Widerberg of happy endings. "The Ballad of Joe Hill" (1971) closes with the immigrant labor martyr's execution in Chicago. In "Adalen 31" (1969), a strike in a small Swedish town ends in bloodshed when demonstrating strikers are massacred by soldiers.



Filmmaker Widerberg: "It's nervous, neurotic work."

Widerberg was criticized for abandoning social themes for commercial flash after the box-office success of his 1984 thriller "The Man From Majorca." He said, however, "All my films are political. 'Joe Hill' was a union agitator. 'Adalen 31' was about strikes and strike-breakers. 'The Man From Majorca,' like its predecessor, 'The Man on the Roof,' is an American-style thriller only on the surface. Underneath they are just as political. All my films are about revolt. 'Ormens vag,' in this sense, is the departure, because the conditions of the tenant farmers are too impossible to survive. They can't revolt. There is no way out."

The new film, which is costing 9 million kronor (about \$1.25 million), was shot on location in Vasterbotten and in studios around Stockholm. It is scheduled for release this autumn. For the cast, Widerberg, as is his pro-

Widerberg said he had no quarrels with the U.S. movie industry. "I always found the doors to the world outside Sweden open. Perhaps I was spoiled. My first film, 'Barnvagnen' [The Pram], was exported. After the success of 'Elvira Madigan' there was a risk I would be swallowed up by the Hollywood movie machine. I was finally able to resist, but how I loved the negotiations! I used to invent obstacles to drag out negotiations because we loved traveling to California. I almost ruined Paramount."

"They put us in this hotel in Beverly Hills. Every morning a servant brought fresh pine chips to make the fire smell nice. It was surreal. I was supposed to be reading scripts, but I sat in this fantastic Beverly Hills luxury and wrote the script for 'Adalen 31' about the lives of poor workers in Sweden in the '30s, with James Bond — I mean Roger Moore — walking by outside my window."

He did not like the script Paramount gave him. "By the third page you could see they were crap." The only projects that appealed to him were "The Great Gatsby," which Widerberg would have made with Paul Newman instead of Robert Redford, and "The Deer Park," from Norman Mailer's novel. "But Hollywood was afraid to make films about Hollywood," he said.

Widerberg had published six books of fiction when he saw John Casavetes' 1959 film "Shadows" and realized, he said, that movies could be made in ways completely unlike Bergman's. He still writes his own scripts. "But it is hell. I only do it to remind myself how boring it was to be a writer. I've tried letting others write the scripts, but I always end up taking over."

His favorite stage of filmmaking is the editing, which he talks about with an almost sensual pleasure. "Cutting brings out another side of you. It is peasant's work. You have planted the seeds and now you watch it grow. You must be patient. It was a growing overnight. It has to lie for a while in the mud."

never had the recognition of his peers, will finally be recognized by this industry," said the director Wendell Franklin, who co-chaired the presentation of a special award for lifetime achievement. Michaux's niece, Verena Crowe, received the award from the actor Sidney Poitier in Los Angeles. Most of Michaux's films were melodramas, but he also made action films and musicals. His films included "Body and Soul" and "Harlem After Midnight." He died in 1951 at age 62.

Xavier Cugat, 86, has been released from a Barcelona hospital where he was admitted April 28 with a lung ailment, hospital sources said. They said the band leader would continue to be treated for heart and lung problems.

Willie Nelson won't get much guitar practice in before his July 4 Farm Aid concert: He fell off a bicycle last week and fractured his left thumb. In a two-hour operation, Dr. Boris Walters inserted a metal wire and rebuilt the thumb joint. The wire and cast will probably come off before July 4, though Walters said he didn't see why reason why Nelson couldn't play again. "If he had to break a hand, that was the one to break," a George Burns cut his leg at a Las Vegas hotel, but it wasn't enough to stop the 90-year-old entertainer from going on with the show at Caesar's Palace. Burns' spokesman, Irving Fine, said the comedian pulled a towel from a rack at his suite and a piece of marble came off and hit Burns' shin. No stitches were required.

Enthralled fans climbed onto the stage of the Berlin Philharmonic hall to congratulate Vladimir Horowitz after his first Berlin concert in 54 years. The capacity audience of 2,000, which included President Richard von Weizsacker of West Germany, gave Horowitz a standing ovation as the Russian-born pianist entered the hall, and again after his two-hour program of works by Stamana, Scriabin, Scriabin, Schubert, Liszt and Chopin. Horowitz's Berlin debut in 1948 followed a performance in Hamburg and his first Soviet performances in 60 years.

Oscar Micheaux, a black director who was largely unheralded during his long film career, has been honored by the Directors Guild of America 35 years after his death. Micheaux directed more than 30 films from 1918 to 1948. He produced, wrote and promoted all his films. "This man, who

PEOPLE

Plimpton's Gong Show

George Plimpton, author of books chronicling his adventures in professional sports, says his most frightening experience was when he played the gong with the New York Philharmonic Orchestra. "In music, you can't make a mistake. If you do make a mistake, that destroys something," he told the Nebraska Bankers Association in Omaha. Plimpton has written about attending a Detroit Lions football training camp, pitching in a post-season all-star baseball game, fighting the light heavyweight champion Archie Moore and playing on the professional golf tour. His latest book, "Open Net," is about professional hockey.

During an appearance as a percussionist with the New York Philharmonic in Ontario, Plimpton said he misplayed the triangle, leading to his dismissal. Orchestra members persuaded Leonard Bernstein to reinstate Plimpton as a gong player for the next night's concert in Winnipeg, Manitoba, he said. When he finally got his cue, Plimpton said, he was filled with nervous energy and smacked the gong. Plimpton recalled, "The wave of sound rolled over the orchestra, and he feared he had made another mistake. But Bernstein and the orchestra congratulated him on his enthusiastic playing. 'It became known as the Warsaw gong and they asked me to come back and do it again. So I went back and smacked it again.'"

Mother Teresa, visiting a tiny prison colony off the island of Elba, held a surprise meeting with inmates, authorities said. The nun's original program only called for a tour of the prison at Pianosa, Italy, which has 800 inmates, but toward the end of her 90-minute visit Mother Teresa asked the warden, Carlo Palletta, if she could meet with "my brother prisoners." She told them "to take advantage of the tranquil environment to reflect and rediscover your true heart."

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